EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,501

Thursday July 11 1991

D 8523A

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SOUTH AFRICA
Why investors will still stay away
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World News

Yugoslavia backs radical package to save economy

Yugoslavia's federal government rushed through an emergency budget and a package of radical measures aimed at preventing the economy from collapsing. The European Community gave warning that it might halt peace efforts if all sides did not comply with the Brioni agreement. Page 2

French crackdown
France is cracking down on illegal immigration with proposals that include tougher visa controls and obligatory transit visas for some travellers. Page 2

Rao passes first test
Indian prime minister P.V. Narasimha Rao passed his first test as head of a minority government when his nominee, Shivraj Patil, won unanimous election as parliamentary speaker. Page 4

Flight bomb found
An explosive device was discovered at Sao Paulo airport, Brazil, in baggage destined for a Japan Air Lines flight to Los Angeles. The device was safely disarmed, a JAL official said.

Walesa plan shelved
The Polish cabinet has shelved President Lech Walesa's attempt to bypass parliament and give the government extra economic powers. Page 3

Border deaths inquiry
Some 200 criminal investigations have been launched against former east German border guards suspected of killing people trying to flee to the west, Berlin's top justice official said.

EC warns Israel
Israel's bid for closer economic ties to the European Community, its main trading partner, will depend on progress towards an Arab-Israeli peace agreement, EC officials visiting Israel said. Page 4

Burmese honoured
The European Parliament awarded its Sakharov prize for freedom of thought to Burmese opposition leader Aung San Suu Kyi, who has been under house arrest since 1989.

$33bn Dallas arrests
Four men claiming to represent Iraqi president Saddam Hussein were arrested on charges of trying to withdraw $33bn from the Federal Reserve Bank of Dallas. Bush accuses Saddam, page 4

Chinese flood toll
Flooding after a month of torrential rain has killed about 1,000 people in eastern and northern China and forced prison officials to evacuate inmates of one of the country's biggest labour camps.

Estonian bomb blast
A bomb exploded in the Estonian guard headquarters in Tallinn in an attack the republic's government said was aimed at discrediting President Gorbachev ahead of next week's G7 summit. One man was hurt.

Assam frees Maoists
The Assam government freed 175 jailed Maoist separatists and rebel leaders released an Indian geophysicist held for 18 days in the troubled Indian border state. The government acted despite the death of a kidnapped Soviet engineer.

Villagers flee mudslide
Philippine villagers fled when walls of volcanic mud and rocks loosened by heavy rain swamped their riverside homes near the erupting Mount Pinatubo. Budget blow, page 4

Sweet smell of excess
The northern Dutch city of Groningen plans to run some of its buses on bio-ethanol made from excess sugar beet and wheat.

Business Summary

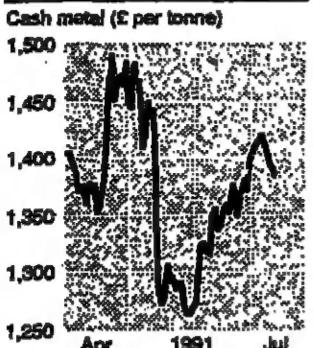
UK may force BT to split telephone operations

BT, the UK telecommunications group, could be forced to split its long distance and local operations into separate companies in order to promote a competitive market, Oftel, the industry regulator, said yesterday in London.

The threat to break up BT, formerly British Telecom, was made by Sir Bryan Carsberg, Oftel's director general, at a Financial Times conference. Page 12; C&W chief urges end to telephone monopoly, Page 3

COPPER prices led a general decline on the London Metal Exchange. In response to widespread talk that the 10-day strike at Chile's Chuquicamata mine, the world's biggest copper mine, might soon be over the cash copper price fell another £11.50 to £1,374 a tonne, taking the fall on the week so far to £29.25. Commodities, Page 24

Copper
Cash metal (£ per tonne)



Source: Datastream

ITALY'S Treasury minister, Guido Carli, rejected speculation that Banca Nazionale del Lavoro (BNL), the Italian state-owned bank, would be placed under government supervision. Page 13

BORLAND International, fast growing US computer software group founded eight years ago, launched a $430m agreed bid for a fallen giant of the industry, the loss-making Ashton-Tate. Page 13

EUROPEAN Commission said it would probe French government plans to give computer maker Cie des Machines Bull subsidies of FFr2.6bn ($420m) and a capital injection of FFr4bn. It would judge whether the aid was illegal and the effect it would have on competition in the EC.

MOTOROLA, the US electronics manufacturing group, reported a 26 per cent drop in second quarter earnings, with better results from its semi-conductor business more than offset by downturns in other areas. The company produced earnings of $119m, or 90 cents a share. Page 14

FEDERAL National Mortgage Association (Fannie Mae), the largest provider of residential mortgage funds in the US, reported a 14.5 per cent increase in second-quarter net income to a record $331.5m, or $1.21 a share. Page 14

VIRGIN Group of the UK is close to agreement to sell Virgin Mastertronic, its video game subsidiary, to Sega Enterprises, Japan's largest maker of commercially used game equipment, for between Y7.5bn ($54m) and Y8bn. Page 15

GOLD Resources Australia, a unit of Australian financier Alan Bond's family company Dallhold Investments, was put into provisional liquidation Page 16

MITSUBISHI, Japan's biggest trading corporation, is to initiate large-scale coal imports to Japan from the US following the acquisition of a 15 per cent stake in Cyprus Orchard Valley Coal, a division of Cyprus Minerals of the US, for about Y500m ($3.6m). Page 24

UNITED Airlines is bidding for Pan Am's Paris operations and the carrier's Latin American and Caribbean division.

Aeroflot uses western expertise to modernise Soviet services

BA to form Moscow airline

By Paul Betts, Aerospace Correspondent, in London

BRITISH AIRWAYS appears set to proceed with a plan to form a Moscow-based airline in a joint venture with Aeroflot, the Soviet flag carrier.

BA said *yesterday* that "nothing as yet has been finalised", but is expected to sign an agreement on the venture, called Air Russia, with Soviet civil aviation authorities next week.

This will coincide with President Mikhail Gorbachev's visit to London and BA's annual meeting on Tuesday.

The deal is likely to involve BA investing about £20m in a large minority stake in the venture, with Aeroflot holding the majority. Air Russia would operate international services to western Europe, North America and the Far East from Moscow's Domodedovo airport which, although run down, is one of the capital's busiest.

The venture would operate a fleet of new western aircraft – probably Boeing 767 twin-*engined airliners.*

The plan would also involve the construction by BA and its Soviet partners of an international terminal at Domodedovo.

BA had hoped to be involved in the modernisation of Moscow's Sheremetyevo international airport, but the contract went to a group led by Lufthansa, the German carrier.

There are also plans to set up an aircraft leasing company, jointly owned by Aeroflot, BA and a consortium of international financial institutions.

For the Soviet Union, the Air *Russia venture is part of the* country's efforts to introduce western standards in its civil aviation industry through co-operation agreements with western airlines and aircraft manufacturers.

Lord King, BA's chairman, signed a preliminary protocol with Mr Boris Panyukov, the Soviet aviation minister, in October.

They agreed to study the creation of an international airline and a series of other airline projects.

However, BA subsequently put the project on ice because of Soviet political and economic problems and its own *domestic difficulties caused* by the slump in the airline industry.

The Soviet venture forms part of BA's long-term strategy of building up new hubs to strengthen its international operations.

Apart from Moscow, BA has been seeking to develop new European hubs at Berlin and Brussels.

BA is still attempting to set up a German airline based in Berlin with German partners. It is also close to completing an agreement with Sabena which is expected to see BA invest about £100m in a 25 per cent stake in the Belgian carrier.

Sabena recently confirmed it hoped to reach an agreement with BA before the end of this month.

An earlier joint airline venture deal between BA, KLM Royal Dutch Airlines and Sabena collapsed at the beginning of this year.

The patriarch upstages the president

John Lloyd watches the dignity and kitsch of Boris Yeltsin's presidential inauguration

IT WAS, of course, Mr Boris Yeltsin's day, and Mr Mikhail Gorbachev was not to be left out, but the scene was stolen by Patriarch Alexei II, the head of the Russian Orthodox Church.

The leader of millions of Christians who have faced *seven decades of religious persecution* stood in a grandiose modern palace in the middle of the Kremlin and told the communists what he thought of them.

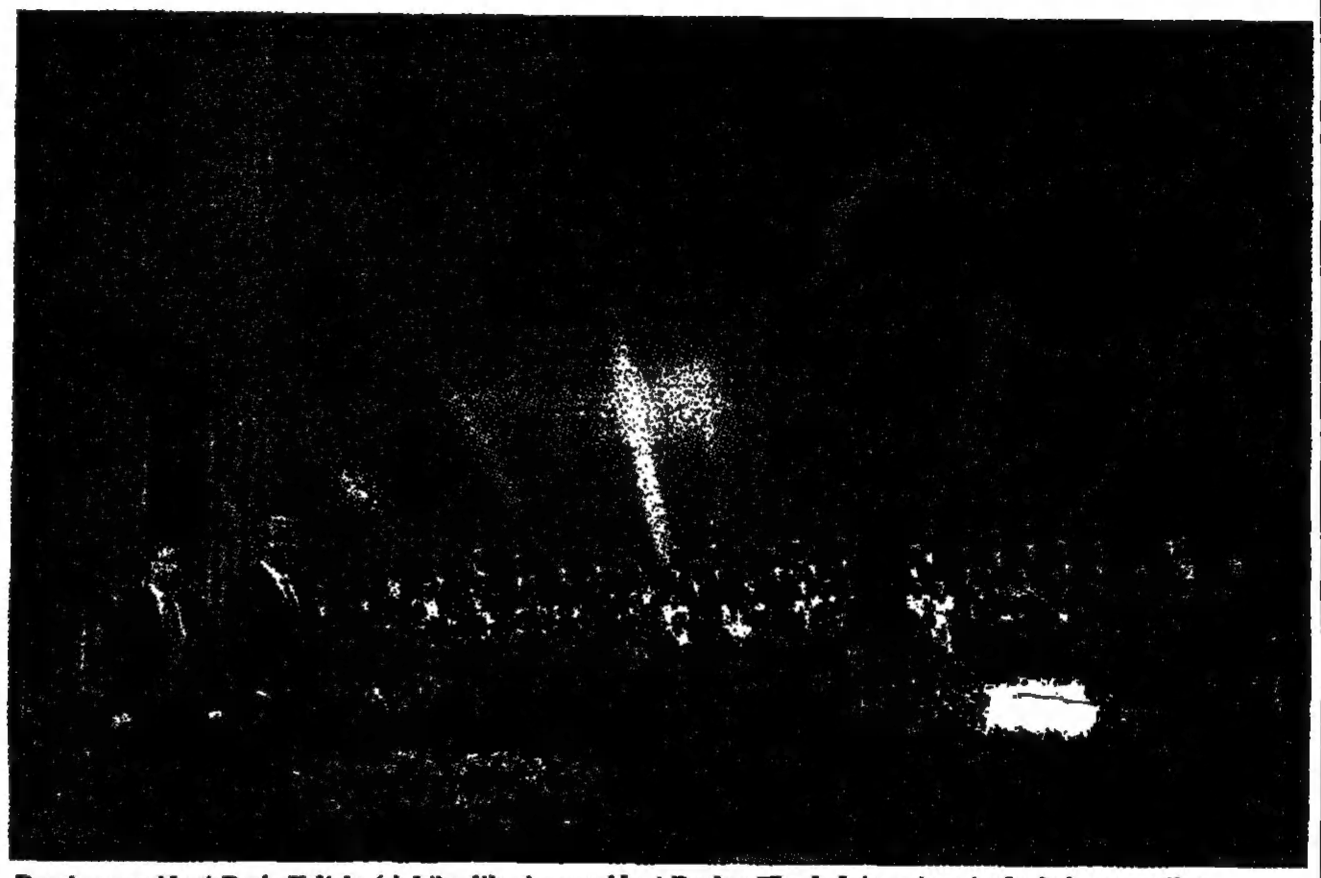
The occasion was Mr Yeltsin's inauguration as the first popularly-elected president of Russia.

"Seven decades of destroying our spiritual health and internal unity were accompanied by the strengthening of the heavy chains of repressive statehood," said the patriarch, to an audience which contained Mr Gorbachev and other Communist dignitaries.

"The Communist rulers believed that it was only the imperial rule of Russia which was bad and that on the assumption of power, they would construct a new society from – as they put it – human material, and they would create a splendid society. *We see now what tragedies* all of this brought about."

That the inauguration of Mr Yeltsin should provide him with a stage for this was the glory of an occasion which was carried off with great precision and with equal amounts of dignity and kitsch.

To begin, Mr Oleg Basilashvili, an actor and radical deputy, did a warm-up routine in which he encompassed the sweep of Russia's history from Christendom to Boris Yeltsin in a few elegantly delivered phrases.


Russian president Boris Yeltsin (right) with vice-president Ruslan Khasbulatov at yesterday's inauguration

Mr Yeltsin then came down the aisle, alone but for 30 television crews, and stepped on to the platform. At the same time, two nine-man squads of military trumpeters goose-stepped out from the wings – sounding a march as he reached the podium.

Mr Yeltsin then placed his hand on the left side of his double-breasted suit and said: "I swear to carry out the duties of the presidency of the Russian Soviet Federative Socialist Republic; I will observe its constitution and

Continued on Page 12

Concern over Soviet treaty, Page 2; Ukraine currency move, Page 3; Brady cautious on Soviet reforms, Page 12

Hashimoto takes 10% pay cut as 'punishment' for scandals

By Robert Thomson in Tokyo

MR Ryutaro Hashimoto, Japan's finance minister, announced *yesterday* that he would take a 10 per cent salary cut to show his responsibility for the securities industry scandals.

At the same time his ministry *indicated that regulations* would be introduced to control the industry.

The pay cut, which will apply for three months, signifies that Mr Hashimoto, generally seen as a future prime minister, accepts that his reputation has been damaged by the scandals, which include the leading brokerages' compensation of favoured clients and loans to gangsters by affiliates of two houses.

"This is the punishment I impose on myself. I am very sorry," Mr Hashimoto said. He had previously said that his ministry would not be punished and that the blame rested firmly on the country's Big Four securities houses – Nomura, Daiwa, Nikko and Yamaichi.

Mr Hashimoto said four other senior officials in his ministry had been given strong warnings and two had also agreed to take 10 per cent pay cuts.

The ministry has been condemned for allegedly having been aware that the compensation of select clients was common, although ministry officials claim to have been surprised by the far-reaching scandals.

Ministry officials said a review would be conducted of the system of "administratively guiding" the behaviour of brokers and clearly-worded regulations may be introduced instead.

There have also been suggestions that Japan should establish an independent monitoring body similar to the US Securities and Exchange Commission, but a senior ministry official said the two countries had different systems and an SEC may not be suited to Japan.

Mr Hashimoto has attempted *to stand apart from the scandal,* fearing that it would hurt his apparently bright political future.

However, several Japanese political commentators said his public standing had already been damaged and his career could be seriously hurt if the scandals continued to spread.

Ritual swoop, Page 12

S African isolation ends as Bush removes sanctions

By Lionel Barber *in Washington and* Patti Waldmeir *in Johannesburg*

ECONOMIC SANCTIONS against South Africa were lifted by President George Bush yesterday, boosting President F.W. de Klerk's efforts to end his country's international isolation.

The US move marks the end of significant sanctions against South Africa, other than the United Nations ban on arms shipments and Washington's effective veto on Pretoria's access to International Monetary Fund loans. Most countries also ban oil exports to South Africa.

The US decision will allow the resumption of direct air links, the lifting of bans on investment and commercial *bank loans,* and an end to embargoes of US imports of coal, iron, steel, uranium and farm products, as well as textiles and products from South African state-owned groups. The embargo on the sale of US crude oil is also lifted.

In a further boost for Mr de Klerk, South Africa was readmitted yesterday to international cricket, a day after its return to the Olympic movement. The International Cricket Council in London voted to recognise the United Cricket Board of South Africa, a recently formed non-racial organisation, with immediate effect after a 21-year ban.

However, readmission to international soccer after 15 years appeared to remain at least a year away.

Announcing the lifting of the trade embargo, Mr Bush hailed "a profound transformation" in South Africa in the two years since Mr de Klerk took office.

Mr Bush called on individual US states and cities to lift restrictions on trade and *investment in South Africa.*

Although the US president, before making the announcement, telephoned Mr Nelson Mandela, president of the African National Congress, the ANC criticised Washington for its action.

Mr Cyril Ramaphosa, the ANC's newly elected secretary general, said the move was "premature", arguing that many political prisoners remained in South African jails, and that violence continued in black townships.

The South African government welcomed what Mr Pik Botha, the foreign minister, said was a "momentous" decision by President Bush. "We can now look forward to South Africa achieving greater economic growth," he said.

He added that he hoped the US move would lead to sanctions being lifted worldwide.

The US imposed sanctions on South Africa in 1986 after Congress over-rode President Ronald Reagan's veto of the Comprehensive Anti-Apartheid Act. *Mr Bush said all five conditions* laid down in the act, including the issue of political prisoners, had been met. He also doubled US aid to South African black groups from $40m to $80m (£50m).

Barriers to clear, Page 10
Observer, Page 10
Sports mad, Page 4

Investing In The Quality Of Life

Welsh Water PLC regards corporate sponsorship as a sound investment. This week some of the world's most magnificent rigged ships will set sail from Milford Haven, West Wales on the first stage of the 1991 Tall Ships Race. The Tall Ships attract hundreds of thousands of visitors, and Wales is proud to host this year's start. Welsh Water PLC is equally proud to

have taken the lead in sponsoring the Welsh launch of this prestigious event. Our sponsorship has taken the form of a partnership of interests. From the outset, we have worked closely with the organisers of the race and local officials to make the 1991 Tall Ships Race one of the most memorable ever. For us, it is an expression of support for the people of our region.

WELSH WATER PLC

EXPECT EXCELLENCE

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French exporters worry over Cresson's provocative remarks

The Japanese public appears unconcerned by French prime minister Edith Cresson's anti-Japanese remarks, but French exporters are worried that an important luxury-goods market may yet respond adversely

Page 23

MARKETS

STERLING
New York lunchtime:
$1.6215 (1.6229)
London:
$1.6215 (1.6225)
DM2.9425 (2.95)
FFr9.9750 (10.0025)
SFr2.5500 (2.5525)
Y224.50 (225)
£ index 89.70 (90)

GOLD
New York: Comex Aug
$371.2 (370.6)
London:
$370.65 (369.25)

N SEA OIL (Argus)
Brent Aug
$19.375 (+0.175)

Chief price changes yesterday: Page 13

DOLLAR
New York lunchtime:
DM1.814 (1.817)
FFr6.153 (6.168)
SFr1.5715 (1.575)
Y138.52 (138.755)
London:
DM1.8140 (1.8175)
FFr6.1525 (6.165)
SFr1.5720 (1.5725)
Y138.50 (138.6)
$ index 68.3 (68.2)
Tokyo close: Y138.68

US LUNCHTIME RATES
Fed Funds: $5\frac{1}{2}$% ($5\frac{5}{8}$%)
3-mo Treasury Bills: 5.744% (5.745%)
Long Bond: $95\frac{17}{32}$ ($95\frac{19}{32}$)
yield: 8.533% (8.527%)

STOCK INDICES
FT-SE 100:
2,508.4 (+20.5)
FT Ordinary:
1,918.1 (+12.7)
FT-A All-Share:
1,197.17 (+0.7%)
New York:
DJ Ind. Av.
2,973.17 (+25.94)
S&P Comp
379.88 (+3.77)
Tokyo: Nikkei
23,121.30 (+512.34)

LONDON MONEY
3-month Interbank:
$11\frac{1}{16}$ ($11\frac{1}{16}$)
Liffe long gilt future:
Sep$91\frac{27}{32}$ (Sep$92\frac{1}{8}$)

EUROPEAN NEWS

Package of radical measures is intended to prevent collapse of the economy

Emergency budget for Yugoslavia

By Judy Dempsey and **Laura Silber** in Belgrade

YUGOSLAVIA'S federal government yesterday pushed though an emergency budget and a package of radical measures aimed at preventing the *economy from collapsing*, hours after Slovenia's parliament accepted the EC peace accord.

Mr Bozo Marendic, federal minister for economic development, said this year's public spending would be sharply reduced by YD60bn (£1.56bn) to YD100bn (£2.6bn).

The federal budget will be financed by customs revenues and payments from the national bank. It will be used exclusively to finance the state *administration and the federal* army. The republics have their own budgets. Last year, the federal army received more than 46 per cent of the budget.

The federal government has had no budget since the beginning of the year because the six republics and two provinces disagreed about its size. This meant that promised loans from international financial institutions were blocked.

Mr Marendic, however warned that the agreement on the budget did not mean an immediate fresh flow of credits from the International Monetary Fund. He explained that the federal government could not meet the IMF's requirements for obtaining new loans because of the political crisis.

However, he added that an economic collapse could only be avoided if "we obtain $3bn" in new or previously committed funds. This would include $2bn of new loans, and $1bn from a refinancing accord with its western creditors.

The other measures announced by Mr Marendic include:

● Securing foreign reserves in order to meet international obligations. Yugoslavia is scheduled this year to repay interest and principal amounting to $4bn. Its total foreign debt exceeds $14.6bn

● Imposition of a tight monetary policy throughout the country. This will be implemented through a squeeze on credits and loans to the commercial banks. Credits will be made only available for housing construction and projects which "stimulate the growth of the private sector".

● No financing of, or subsidies for, bankrupt enterprises.

The federal government was *forced to take such radical* measures because of the sharp fall in industrial production, rising inflation, and the complete collapse of the tourist industry, he said.

Production for the first four months of this year fell 23 per cent compared to a year ago. But a government official said yesterday he expected production to fall by 50 per cent this year overall because of the political crisis.

The government's goal of *keeping inflation below 80 per* cent for 1991 has also been revised. "Inflation will be much higher. But we hope it will not get out of control," said Mr Marendic.

The tourist industry, which last year accounted for at least 6 per cent of gross domestic product, has collapsed because of the simmering ethnic war in the western republic of Croatia, and the army's occupation last month of Slovenia.

Meanwhile, Slovenia's parliament yesterday overwhelmingly accepted the EC peace accord, despite sharp criticism from deputies that the republic had conceded too much.

However, Mr Milan Kucan, the Slovenian president, said: "We have managed to internationalise our cause. *This [vote]* will ultimately help us to be recognised" – 189 deputies voted for the accord, and 11 against.

Yugoslav deserters of Croatian descent smile for the cameras in Zagreb yesterday. They have quit the federal army to join the Croatian militia

Treuhand halts bidding for petrol company

By Leslie Colitt in Berlin

GERMANY'S Treuhand privatisation agency, in a surprise shift in strategy, has halted international bidding for Minol, the former east German petrol station monopoly and one of the few profitable east German companies.

Ten western oil companies had expressed interest in buying the lucrative Minol network of 1,200 filling stations, which was only recently put up for sale.

But Mr Klaus Schucht, the *Treuhand board member* responsible for the chemicals sector, said yesterday the Treuhand had commissioned Goldman Sachs, the investment bank, to offer Minol now as part of a package which included the Leuna refinery near Halle.

The obsolescent refinery, with a capacity of 7m tons, is linked into the decaying and highly-polluted Leuna chemicals works. An oil company representative in Berlin *claimed that offering the refi*nery with Minol as the "plum" could raise problems with the previous bidders, which include Agip, Elf Aquitaine, Fina and Statoil.

To complicate matters, the German Cartel Office opposes *selling Minol-Leuna to a major* oil company operating in west Germany on grounds of "undue market concentration," as it did with the original offer *to privatise Minol alone.*

The Treuhand is trying to convince Mr Wolfgang Kartte, Cartel Office president, , that excluding the "majors" would greatly reduce chances of bringing off the package deal.

Mr Schucht said he expected "five or six" companies would show interest in buying Minol-Leuna, among them, perhaps, an Arab oil company. He anticipated that "serious talks" could start in September.

The alternative to selling *Leuna would be to shut down* the entire complex – whose 20,000 workforce is already to be reduced to 12,000 – a drastic solution which is unacceptable for political reasons. Under a programme announced last week, the Treuhand promised to save the *four major* chemicals producers in east Germany. This would entail slashing personnel to 30,000 (from 105,000 in 1989) as well as making investments of up to DM6bn (£2bn) and carrying out *swift privatisation.*

Projected figures for petrol consumption in east Germany in the year 2000 justified modernising Leuna as well as building a new refinery, Mr Schucht said. East Germany's largest and most up-to-date *refinery at Schwedt on the* Oder was sold on July 1 for DM1.25bn to a German, French and Italian consortium led by VEBA and DEA.

Concern at looseness of Soviet treaty

By John Lloyd in Moscow

WESTERN experts preparing for next week's Group of Seven *summit in London are con*cerned that the Soviet government's anti-crisis plan does not define a division of powers between the union and the centre, and postpones most of the hard issues for future discussion.

Mr Grigory Yavlinsky, the radical economist who developed a reform plan in association with US experts, said yesterday that western leaders must be prepared to exact firm guarantees from President *Mikhail Gorbachev when he* presents proposals to the G7 for western co-operation in Soviet reform.

Mr Yavlinsky said he feared that Mr Gorbachev had not yet fully accepted the need for radicalism.

The anti-crisis plan, which Soviet officials have said will form part of the basis of Mr Gorbachev's proposals, cedes central control of tax-raising at least for this year when it allows Russia and the Ukraine, *the two biggest republics*, to decide on their own contributions to the union budget.

It also postpones for future decision:

● Division of union property between the centre and the republics;

● Division of external debts and of gold, diamond and hard currency reserves;

When prices will be freed;

● When a value added tax will be introduced;

● *When bankrupt enterprises* will be liquidated;

● When a central council for the state bank will be created.

But the new draft of the plan does stress independence of enterprises and banks from the state, and it devolves to the republics extensive rights in foreign trade and in granting of licenses to exploit oil, gas and coal reserves. It is presented in much more free market terms than previous drafts, and is much more explicitly oriented to integrating the Soviet economy into the world market.

Agreement on the plan between Mr Gorbacehv and 10 of the republican leaders on Monday is now hailed as a *breakthrough, and as the basis* of agreement with which Mr Gorbachev can make a pitch for western assistance. But western experts examining the Soviet economy believe ceding of tax powers and lack of resolution of central issues will make a G7 decision to assist Soviet reform, even in principle, difficult.

In particular, it has been left unclear whether the union treaty will incorporate tax and other measures of the anti-crisis plan. Mr Vitaly Ignatenko, the president's spokesman, responded to a question on this yesterday by saying: "As the last stages of the union treaty are reached, the issues become more difficult." He said the plan to be taken to London would be "the Gorbachev plan".

Stern EC warning over Brioni agreement

By Ronald van de Krol in The Hague and **David Buchan** in Strasbourg

THE EC yesterday warned that it might halt its efforts if all sides in the Yugoslav crisis did not comply with "the letter and spirit" of the Brioni agreement, which was reached on Monday. "Full compliance is essential for the European Community and its member states to continue their current efforts of assistance in overcoming the Yugoslav crisis," Community foreign ministers said in a joint statement.

They have finalised plans to send dozens of observers to Yugoslavia to monitor the ceasefire between the federal authorities and the republics of Slovenia and Croatia. Up to 50 unarmed observers will go to Slovenia, and possibly to Croatia, as soon as possible, according to Mr Hans van den Broek, the Dutch foreign minister.

Diplomats said the ministers had also discussed sending observers to Serbia, Yugoslavia's largest republic, to monitor whether federal troops were returning to their barracks as called for in the ceasefire agreement. Any extension of the observer group to Serbia would require a separate agreement with authorities in the republic. which was not a party to the Brioni agreement.

The observer mission, which will consist of civilians and unarmed military experts from all member states, will last for an initial three months. This coincides roughly with the period during which Slovenia and Croatia have agreed to suspend implementation of their independence declarations.

Yugoslav diplomats warned yesterday that the EC had to maintain a united stance towards Yugoslavia in order to avoid disaster both for itself and what remains of the Balkan federation. If fighting resumed, and if the 12 EC states then split on the issue of recognising Slovene and Croatian independence, "the worst scenario" might come to pass, said one diplomat.

While the Twelve as a whole might abandon their diplomatic involvement in Yugoslavia and simply try to contain any conflict to the Balkans, large EC states would be unlikely to remain passive.

Germany, along with Austria, might back Slovenia and Croatia, trying to bring them into a Teutonic zone of influence, as Mr Roland Dumas, the *French foreign minister*, warned last week. France, for its part, might side with Serbia, as it did during the First World War. Such a turn of events would tear the EC apart.

German industry hails subsidy cuts

By David Marsh in Bonn

THE BONN government's package of subsidy cuts, viewed as crucial to bringing down the mounting budget deficit, was welcomed yesterday by German industry, but ran into criticism from the opposition *Social Democratic Party* (SPD).

Mr Theo Waigel, the finance minister, outlining the 1992 budget plans at a press conference, said the programme of more than DM10bn (£3.4bn) of annual subsidy cuts up to 1994 showed that he was "in control" of the state's finances.

Mr Waigel has been under growing pressure from the independent Bundesbank to take tough spending action for next year, to help bring down the overall public sector budget deficit, now running at 5.5 per cent of gross domestic product. The centre-right Bonn coalition reached agreement on Tuesday on DM33bn of subsidy reductions over the next three years.

Under the 1992 budget plans approved by the cabinet yesterday, next year's federal government spending will grow by 3 per cent to DM422.5bn, compared with DM410.3bn this year.

Total federal budget spending for east Germany is put at DM109bn, up from DM93bn this year.

This implies that overall public sector transfers from west to east Germany – including non-federal budget expenditure – will grow further from *the 1991* sum estimated by the Bundesbank at DM140bn.

The largest component of the federal budget, spending by the employment and social affairs ministry, will increase next year by 5.3 per cent to DM92.8bn. Defence spending will remain unchanged at DM52.5bn, while debt service increases by 9 per cent to DM55.4bn.

Mr Waigel said that annual growth in spending was planned to fall in 1993 to only 1.4 per cent, and to 2.4 per cent in the two years after that, in order to bring down the federal net borrowing requirement to only DM25bn by 1995 from the planned DM66bn this year and *DM50bn in* 1992.

The Confederation of German Industry (BDI) said yesterday that the subsidy reduction plan was "the right move at the right time". But the opposition SPD criticised the plans as inadequate and claimed companies were still benefiting from excessive tax breaks.

Crackdown in France on immigrants

By William Dawkins in Paris

FRANCE is cracking down on illegal immigration, the source of party-wide heated debate. The weekly cabinet meeting adopted plans tabled by Mrs Edith Cresson, prime minister, following suburban riots, often involving Arab minorities.

Proposals include tougher visa controls, obligatory transit visas for travellers from countries whose inhabitants frequently break French immigration rules, and tougher security on frontiers and in France, with tougher penalties for clandestine workers and *their employers. Mrs Cresson* caused controversy by proposing that illegal immigrants, estimated at 300,000-1m, be flown out of France. Some members of the ruling Socialist party were worried by her toughness; the extremist National Front claimed she was not rigorous enough.

The government plans a law whereby employers of illegal immigrants would be expelled from France, if foreign, or forfeit their goods if French. Applicants for political asylum would no longer automatically receive work permits. The package grants political asylum to people waiting since January 1989, who have become integrated.

● The cabinet agreed to cut basic military service from one year to 10 months, AP reports from Paris.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, (Guiolettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980: Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

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On 27th June 1991, in Milan, the General Meeting of Ras examined and adopted Company's Accounts for 1990.

Net profit is Lit. 137.9 bn. As in the previous year, dividends declared are Lit. 300 per ordinary share and Lit. 360 per savings share. The allocation of Lit. 54.8 bn to extraordinary reserve has also been resolved. The dividend is payable starting from 17th July 1991

The main figures for the year are highlighted in the tables.

The Ras group (which is part of the Allianz insurance group, the most important in Europe) includes 69 companies.

Insurance companies (11 in Italy and 15 abroad) reached an aggregated premium volume of Lit. 5,849 bn.

In the savings management sector (investment funds and trust activities) administered funds totalled Lit. 6,751 bn.

The Shareholders' Meeting elected the Board of Directors and the Auditors whose term was due.

All previous directors were reelected and the following new directors were appointed: Giulio Baseggio, Roberto Gavazzi, Attilio Lentati and Angelo Marchiò.

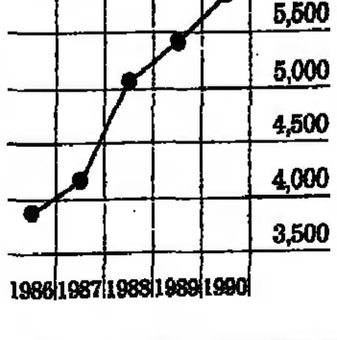
The extraordinary Shareholders' Meeting resolved to amend some of the Articles of Association with a view to adjusting the same to the new organization and operation requirements of the Company.

The Board confirmed Umberto Zanni as Chairman. Friederich Schiefer and Roberto Gavazzi were appointed Deputy Chairmen, Giulio Baseggio, Attilio Lentati and Angelo Marchiò Managing Directors.

HIGHLIGHTS OF RAS 1990 ACCOUNTS AS COMPARED WITH 1989
(in billion lire)

	1989	1990
Premium income	2,524.9	2,844.7
Investment income	608.5	764.0
Claims, maturities, surrenders and annuities	1,366.4	1,467.6
General business technical reserves	2,586.6	3,129.3
Life business technical reserves	2,813.9	3,405.4
Ensured capital in Life business	15,404.1	17,459.1
Share capital	217.0	217.0
General reserves	1,316.6	1,387.3
Profit for the year	136.2	137.9

PREMIUM INCOME OF THE RAS GROUP IN ITALY AND ABROAD
(in billion lire)



SALES OF THE RAS GROUP
Premium income breakdown in 1990 (in billion lire)

RAS (in Italy and abroad)	2,844.7
Other Italian Group companies	831.9
Foreign Group companies	2,172.5
Total premiums	5,849.1

Ras group Life business total sums assured Lit. 32,273 billion

New Issue This announcement appears as a matter of record only July 1991

GENERAL ELECTRIC CAPITAL CORPORATION

Italian Lire 150,000,000,000
11⅞% Notes due July 11, 1996

IMI Bank (Lux) S.A.
Istituto Bancario San Paolo di Torino

Banca Commerciale Italiana — Banco di Napoli
Banca Nazionale del Lavoro — Banco di Roma
Banca Euromobiliare — CARIPLO-Milan
Credito Italiano — Credit Suisse First Boston Italia S.p.A.
Swiss Bank Corporation — Unibank
ABN AMRO — Banca d'America d'Italia-Deutsche Bank Group
Banco di Santo Spirito — Banco di Sardegna
Banque Bruxelles Lambert S.A. — Banque Générale du Luxembourg
Banque Internationale à Luxembourg — Caboto S.p.A.
COMMERZBANK AKTIENGESELLSCHAFT
Crédit Commercial de France — Compagnie Monegasque de Banque
Generale Bank — Crédit Lyonnais
Kidder, Peabody International Limited — Italian International Bank Plc
Monte dei Paschi di Siena — Kredietbank International Group
Sankt Annee Bank A/S

EUROPEAN NEWS

Ukraine puts faith in separate currency

Monetary reform seen as defence against Kremlin policies, writes Chrystia Freeland

JUBILANT newspaper articles about alleged discoveries of vast deposits of gold in Ukraine and the sale, as curiosities, on Kiev's main streets of banknotes issued in 1918 by the independent Ukrainian republic are the outward signs of the republic's growing interest in a separate currency.

Ukrainians from all political camps agree some sort of republican monetary reform is the only defence against the inflationary practices of the Soviet central government, which last year printed 25bn extra roubles to cover its budget deficit but which is even further in the red this year.

While the politically irrepressible but economically slight Baltic states are also talking about separate currencies, a move towards an independent monetary policy in Ukraine, the second largest Soviet republic which houses much of the union's agricultural and industrial production, could have a greater impact on the Soviet economy.

Preliminary efforts to enforce Ukraine's July 16 1990 sovereignty declaration – *which called for Ukrainian* economic sovereignty and asserted the republic's right to introduce its own currency – are in marked contrast to the policies of Russia, the largest and most populous republic in the USSR.

Although both Ukraine and Russia signed on April 23 an agreement between nine republics and President Mikhail Gorbachev to renew the union, the two Slavic republics are seeking greater economic control.

But whereas Russia hopes to gain more authority over monetary and fiscal policy by obtaining a direct say in decisions of the Soviet central bank, Ukraine is trying to insulate itself from the Kremlin's economic measures.

> Bankers' offices are littered with glossy pamphlets submitted by western printers eager to produce billions of bills

Two very different monetary reforms are being proposed in Ukraine. On June 28 the government announced it would introduce a parallel pseudo-currency, basically an extension of the coupon system introduced in the republic last autumn. A genuinely separate currency is likely to follow later and has been discussed in parliament.

The first measure would involve the creation of a pseudo-currency by adding a special *Ukrainian imprint to the standard* Soviet rouble.

According to Mr Oleksandr Iemelianov, a parliamentarian and one of the architects of the government-supported scheme, within the next six months Ukrainian citizens would regularly receive a uniform sum of stamped roubles in wage packets. The remainder would be paid in regular roubles.

The stamped bills, designed to replace coupons introduced in November specifically to pay for food but which became invalid on July 1, would be the only currency allowed for the purchase of certain foods and, later, consumer goods. Standard roubles would continue to be needed in the *interim for other purchases.*

Mr Vitold Fokin, Ukrainian prime minister, won Soviet Prime Minister Valentin Pavlov's approval for this Ukrainian quasi-currency. Its supply and distribution would be controlled by the newly-formed Ukrainian National Bank but it would be printed by the central mint in Moscow.

Mr Iemelianov, who predicts that within a week of their introduction stamped roubles will trade for at least five unstamped ones, sees the measure as a step towards his ideal – a totally separate Ukrainian currency.

But more radical opposition politicians fear the currency will have the opposite effect. Mr Volodymyr Pylypchuk, head of the parliamentary commission on economic reform, described the government's parallel money scheme as "madness – there will be *one inflationary currency [the standard* Soviet rouble] and another counterfeit one [the stamped rouble]."

Mr Pylypchuk and other opposition parliamentarians would like to introduce a separate currency, to be called the *hryvnia*. They are urging the government to start making concrete plans to print the currency – a process which western experts believe would take between 9 and 18 months, once an order was placed with a foreign mint.

Although the offices of Ukrainian bankers are littered with glossy advertising pamphlets submitted by western printers eager to produce the billions of bills the republic would need, Ukraine has barely begun the costly, legally *complex* and *technically* demanding project of creating a separate currency.

However, Mr Pylypchuk believes that Mr Leonid Kravchuk, Ukrainian president and a communist who has recently begun to make common cause with the nationalist opposition, is an ally who will support the separate currency.

Mr Pylypchuk's assertion was bolstered by a cabinet shuffle in June when Mr Volodymyr Matvienko, an ardent supporter of a separate currency, was nominated by the Communist-dominated government to head the Ukrainian National Bank.

Western experts are divided on Ukraine's monetary plans. Some fault both schemes while others criticise the idea of stamped roubles but offer qualified support for the introduction of a separate currency.

Criticism of the stamped rouble plan revolves around two fears – it would be easy to make counterfeits and chaos in the pricing system would increase by obliging all Ukrainians to spend a fixed portion of their salary on food.

Ukraine leaders acknowledge the tremendous technical complexity but say the current situation, with the looming prospect of hyper-inflation caused by the union government's mounting budget deficit and the centralised *economic* structure, is intolerable.

C and W chief urges end to phones monopoly

By Hugo Dixon

TELEPHONE monopolies throughout the European Community should be abolished, Lord Young, executive chairman of Cable and Wireless, the UK-based international telecommunications group, said yesterday.

Lord Young, a former British trade and industry minister, said the European Commission should move decisively towards eliminating monopolies in telephone services and in network infrastructure. These monopolies still dominate the European market.

Addressing the second day of a *Financial Times conference* on telecommunications and the European business market, he argued that businesses wanted a choice between competing pan-European operators. His comments marked an early shot in what is likely to be a major battle when the Commission reviews its approach to competition in the telecommunications market next year.

FT CONFERENCE
TELE-COMMUNICATIONS AND THE EUROPEAN BUSINESS MARKET

Lord Young: opening shots

Lord Young's comments were taken up by Mr Tony Lane, deputy secretary at the UK department of trade and industry (DTI), who argued that the Commission should adopt a "bold, open and pro-competitive policy" during next year's review.

He said it could look forward to the strong support of the UK, which would hold the presidency of the Council of Ministers in the second half of 1992.

Mr Lane also welcomed the Commission's investigation into international call charges. Why is it, he asked, "that a call from Bootle to Barcelona costs so much more than a call from Bootle to Birmingham?"

He argued that, whatever complexities stood in the way of bringing prices down, there were few things which could more effectively contribute to the creation of a real single market in telecommunications.

Mr Michel Carpentier, the Commission's director general for telecommunications, information industries and innovation, pointed to the striking difference between the number of calls made per telephone in the US compared to Europe. He said that the figure was two to three times greater in the US.

Mr Herbert Ungerer, head of telecommunications regulation at the Commission, detailed Brussels' plans for opening up satellite communications in Europe.

The Commission is proposing full liberalisation of the use of satellite dishes and unrestricted access to satellite space capacity. Currently, many countries maintain monopolies in both areas.

Mr Ungerer also revealed that his department had recently commissioned a study of telephone numbers for Europe for the coming decade. He said that numbering issues would become increasingly important for regulators as competition was introduced in telecommunications.

Sharing of profits urged on EC states

By David Buchan in Strasbourg

EUROPEAN COMMUNITY governments should all pass laws *to encourage companies* to share profits *or* equity with their workers, the European Commission said yesterday.

Issuing a recommendation – which has no binding force on member states – the EC executive body said that letting employees participate financially in the fruits of their labour was a proven *incentive to greater productivity.*

But only two countries – France and the United Kingdom – have the proper combination of fiscal legislation and incentives, according to the Commission, which complained that Italy and Luxembourg have no specific laws on profit or equity sharing on their statute books.

The Commission said that tabling its profit-sharing proposal (one of 47 planned measures in the social action programme) as a voluntary *recommendation reflected* the impossibility of trying to legislate away wide national differences in this area overnight.

But if no one heeded its suggestion, the Commission might return later with draft legislation.

Greece under scrutiny over loan terms

THE POSSIBILITY that Greece is already breaching the conditions of the Ecu2.2bn (£1.5bn) loan it received from the European Community earlier this year will be explored by EC leaders today and tomorrow, writes David Buchan.

Mr Henning Christophersen, the EC commissioner responsible for macro-economic affairs, and Mr Wim Kok, finance minister of the Netherlands which has just taken over the EC presidency, will hold two days of talks with the Greek government, particularly focusing on promised retrenchment in the social security system.

Brussels opens wide probe into Bull aid

By David Buchan in Strasbourg and **Williams Dawkins** in Paris

THE EUROPEAN Commission yesterday began its formal inquiry into the FFr6.6bn (£660m) which the French government plans to give its struggling computer-maker, Bull.

The investigation was delayed to allow Bull to complete negotiations with NEC of Japan which is taking a stake in it. However, its scope is wider than expected.

The Commission will examine not only the planned FFr4bn capital injections, but also FFr2.6bn of research money, because both forms of aid have been linked to restructuring Bull. It wants to check this money will be used in genuine restructuring, developing new products and closing obsolete plants, and not just as "an operating aid to a company in difficulty".

Brussels can forbid the payment, or demand the recovery, of state aids it considers distort competition within the EC.

Bull sank into heavy loss last year, losing FFr6.8bn, equal to almost 20 per cent of turnover. But other electronics companies – Olivetti, Philips, and *Siemens' Nixdorf* subsidiary – also chalked up losses, without being bailed out by their governments, the Commission noted.

A FFr2bn injection of fresh capital into Bull should be completed by the end of this week, along with a FFr1.5bn state capital increase held over from last year, said a Bull official. This leaves another FFr2bn to come next year.

The decision to open the Bull investigation was taken yesterday in the absence in the Hague of Mr Jacques Delors, French head of the Commission, and despite the objection of Mrs Christiane Scrivener, France's other EC commissioner.

For the moment, Sir Leon Brittan, the competition commissioner, has persuaded Mrs Edith *Cresson, the prime minister*, to reconsider a similar planned FFr2bn aid to Thomson, the electronics company. But the likelihood of a clash over state aid between the Commission and France, which has a large state sector, is further increased by tougher competition guidelines that Sir Leon will put to the Commission later this month.

These would require state-controlled companies to supply detailed financial information every year to help the Commission crack down on more sophisticated forms of possibly trade-distorting state aid. According to Sir Leon, governments should be deemed to be "aiding" companies they control if they draw unusually small dividends from a state-owned company's profits.

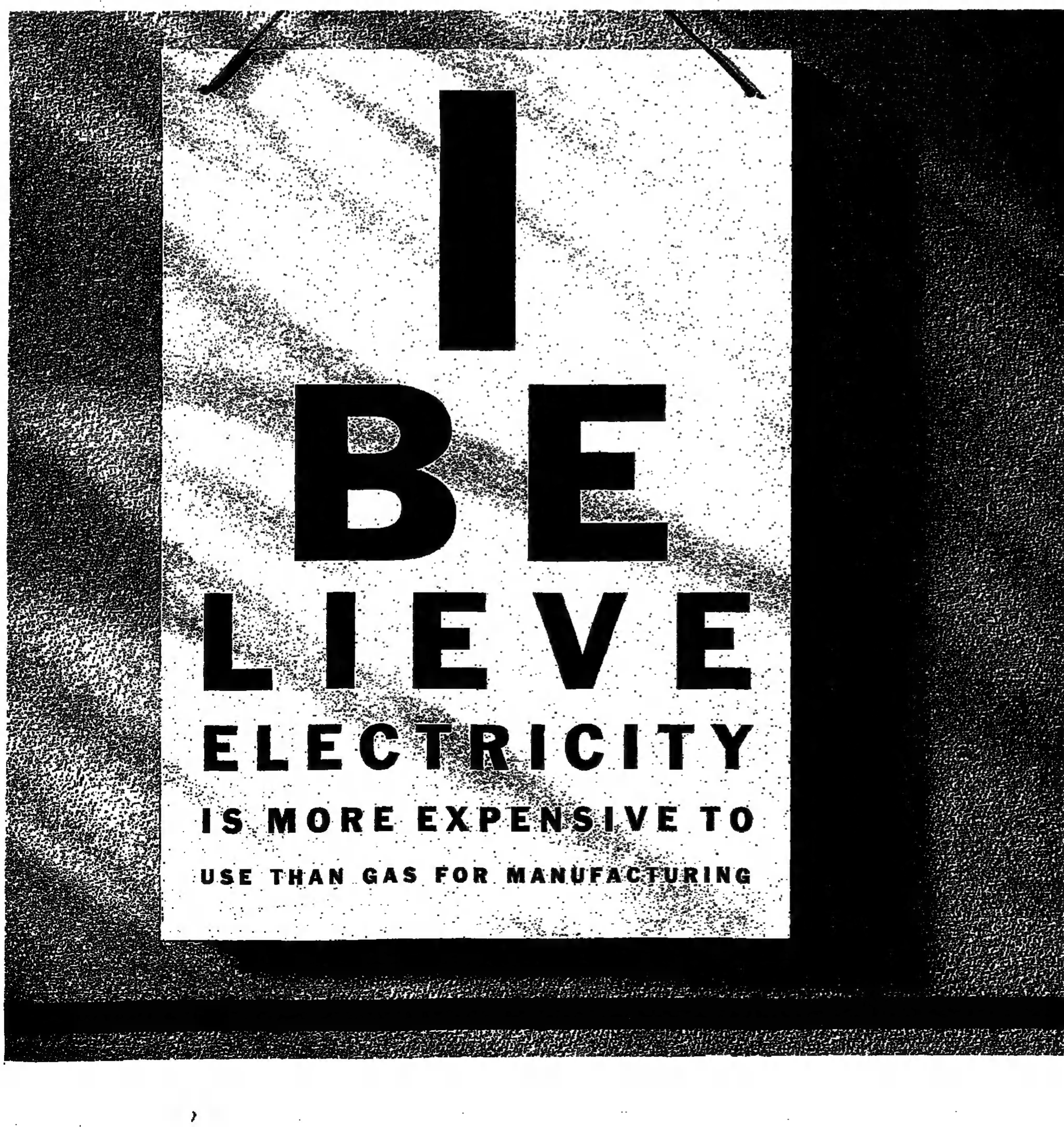
Walesa's plan to bypass parliament shelved

By Christopher Bobinski in Warsaw

THE POLISH cabinet has shelved President Lech Walesa's attempt to bypass parliament and give the government extra economic powers. A *spokesman said that the need* for special powers had been removed for the moment by new parliamentary procedures to speed up legislation.

Mr Leszek Balcerowicz, deputy premier and finance minister, was reported to have opposed special powers, which would have left responsibility for tough economic decisions entirely with the government.

The powers would not have *enabled the government to* write its own 1992 budget or levy new taxes, but would have allowed adjustments to this year's budget as well as changes in the banking system, and housing and wages policy.



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INVESTELECTRIC

Johannesburg SE soars on hopes of end to sanctions

Philip Gawith looks at two aspects of the ending of sanctions against South Africa

EXPECTATIONS of last night's announcement that US sanctions against South Africa would be lifted created a wave of optimism among local businessmen, reflected in the soaring performance of the Johannesburg Stock Exchange.

Yesterday the JSE overall index rose by 2.2 per cent to 3,507 from 3,431. This was mostly the function of a soaring industrial index which rose 87 points to 4,036 from 3,949. The market reflects a powerful optimism, driven mainly by the sanctions question, that better economic times are to be had in 12-18 months.

Mr Tony Norton, president of the Johannesburg Stock Exchange, said: "Psychologically, it is vitally important because our biggest critic is giving us a signal of returning health. The biggest economy in the world is looking [at us] again". Mr Raymond Ackermann, chairman of Pick 'n Pay, the country's largest supermarket chain, anticipates an enormous boost to the confidence of businessmen which, he says, will be reflected in more investment.

Apart from addressing the main problem of lack of access to US capital, the scrapping of the 1986 Comprehensive Anti-Apartheid Act (CAAA) provides the signal that the next phase is likely to be access to International Monetary Fund credits. Lack of IMF facilities has been a big constraint on growth in recent years, because scarce savings have been diverted from investment to funding capital repayments.

In spite of the pain caused by sanctions, many still argue that the enforced financial stringency created some benefits for the South African economy. Foreign debt is very low, about 20 per cent of gross domestic product, and companies have stronger balance sheets.

Sanctions had a limited impact on trade. In the period 1984-90, the country's merchandise exports grew at an average annual rate of more than 10 per cent. As regards US-South Africa trade, the local American Chamber of Commerce says US exports have grown by an average 30 per cent a year since 1985 and South African exports by an annual 14 per cent.

Disappearance of sanctions also means disappearance of a well-worn excuse for poor performance at the company and national level. If this helps concentrate minds, analysts argue, so much the better.

World stock markets, Page 36

Sport-mad whites greet end of ban

"THE BEST news in 31 years" trumpeted yesterday's headline in Beeld, the main Afrikaans daily in South Africa, reacting to the news of South Africa's readmission to the Olympic movement, 21 years after its It has not participated in an Olympics since Rome in 1960.

The sports stars themselves are understandably delighted. Ms Charmaine Weavers, the country's top woman high jumper, said "I heard the news on the radio...and I was so excited I almost rolled the car." Many had resigned themselves to never being able to participate internationally.

Yesterday also saw South Africa's readmission to the International Cricket Conference. South Africa last took part officially in international cricket in 1970 when they thrashed the Australians 4-0.

Reaction in the white community, at whom sanctions have been aimed, has been predictably euphoric. Generally sports-mad, being denied the pleasures of international participation has been bitter. The hunger for participation was always underlined by the way in which the few sports stars of stature who did come to the country were fawned over. Rebel teams were dignified with status and attention they seldom deserved.

Reaction in the black community is more muted. Among activists, some feel the west has sold their cause down the river. Many, however, will be enthusiastic about South Africa's probable participation in the Barcelona Olympics, where its black athletes would be prominent especially in athletics and boxing.

Few blacks will be excited about the ICC decision, as cricket is largely a white sport in South Africa. This, however, is changing as Mr Douglas Hurd, the UK foreign Secretary, discovered yesterday on his visit to a cricket complex which enjoys British government support in Alexandra township near Johannesburg.

After watching some of the better youngsters in action, Mr Hurd said he would be returning to England with a mixed message. "We're helping to train the opposition," he said. "It's going to be a big threat."

For so long a divisive factor in South African life, there is now a real prospect that sport can play a part in "nation building". For individuals, especially blacks, sport offers a means to escape from poverty.

Observer, Page 12

Mr Douglas Hurd, the UK foreign minister, exchanges tips with a young cricketer in Alexandra township near Johannesburg

THE EUROPEAN WARRANT FUND SA
45, rue des Scillas
L-2529 Luxembourg - Howald

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Fund will be held at the offices of Fleming Fund Management (Luxembourg) SA, 45, rue des Scillas, Howald, Luxembourg on Friday, 26 July 1991 at 16.00 hours.

Agenda

1. Submission of the reports of the Board of Directors and of the Auditors.
2. Approval of the financial statements for the year ended 31 March 1991.
3. Discharge of the Directors and of the Auditors in respect of their duties carried out for the year ended 31 March 1991.
4. Election of Directors and the Auditors for a term of one year.
5. Declaration of dividend for the period ended 31 March 1991
6. Miscellaneous business as may properly come before the Meeting.

A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a shareholder of the Fund.

By Order of the Board of Directors
C C Martin

Hong Kong councillors in airport pact row

By Angus Foster in Hong Kong

HONG KONG legislative councillors yesterday welcomed last week's agreement between Britain and China on a new airport, but attacked the way the agreement was reached.

Mr Martin Lee, an outspoken liberal, complained about the exclusion of any Hong Kong officials from the final negotiations. He said the memorandum of understanding threatened to undermine Hong Kong's autonomy, guaranteed under the 1984 Sino-British Joint Declaration on Hong Kong's 1997 return to Chinese sovereignty.

"It is clear the British and Chinese governments are more than willing to sacrifice our autonomy...and the colonial government may be (prepared) to help," he said.

But several councillors said the agreement showed it was time to be realistic rather than idealistic about the level of autonomy Hong Kong should expect before and after 1997.

Sir David Ford, chief secretary, defended the agreement as providing a "practical framework" for building the airport.

He said both the Hong Kong government and the colony's Executive Council were involved in each stage of talks.

● Councillors voted to legalise homosexuality between consenting adults, ending more than a decade of debate. The council had voted to decriminalise homosexuality in 1980 but shelved the motion for 10 years, Reuter adds.

Philippines forced to revise budget

By Greg Hutchinson in Manila

A 1992 budget, revised following the Mount Pinatubo disaster, was presented to the Philippine cabinet yesterday.

Mr Guillermo Carague, budget secretary, said the budget ceiling was being increased by 36.7bn pesos ($1.4bn), a rise of 13.5 per cent, to 308.4bn pesos. The budget is due to be presented to Congress next week.

He said: "The 271.7bn pesos budget level has to be augmented by some 36.7bn [pesos] so that the government can implement ongoing and new FAPs [foreign assisted projects], restore the minimum or baseline requirements of agencies, provide safety net programmes, and rebuild displaced lives and structures affected by the Mount Pinatubo eruptions."

Mount Pinatubo's damage bill to mainly public infrastructure has been officially estimated by Mr Estanislao at more than $550m. This cost could escalate because the volcano is still erupting and mudflows threaten farming land.

Award for detained leader

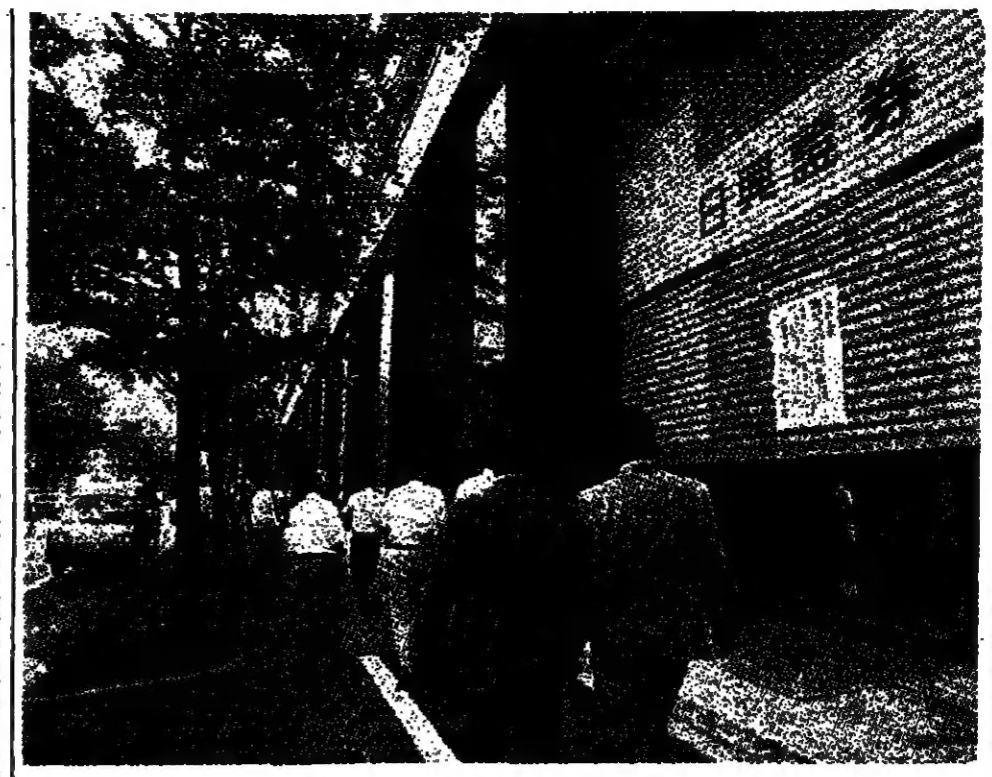
THE European Parliament awarded its Sakharov prize for freedom of thought yesterday to Burmese opposition leader Aung San Suu Kyi, who has been under house arrest since 1989, Reuter reports from Strasbourg.

The human rights prize, worth Ecu15,000 ($16,800), was accepted by Aung San Suu Kyi's 13-year-old son Kim in Strasbourg.

In a speech to the parliament, Aung San Suu Kyi's British husband Michael Aris made an impassioned plea to Burma's military junta to allow him and their two sons to visit her.

Aung San Suu Kyi led the opposition National League for Democracy to a landslide election victory in May 1990 but Burma's ruling generals, who put her under house arrest in July 1989, prevented her from forming a government.

The prize is named after the Soviet physicist and human rights campaigner Andrei Sakharov, who died in 1989. Previous recipients include Mr Nelson Mandela, president of the African National Congress.



The shutters were up at the Tokyo headquarters of Nikko Securities yesterday following finance ministry orders for Nikko to halt business with corporate clients for four days

BROKERAGE PUNISHMENT STARTS

Japan's Big Four find their market share halved

By Emiko Terazono in Tokyo

MARKET SHARE of the Japanese Big Four brokerages was halved from the usual 30 per cent yesterday, as Nomura, Daiwa, Nikko and Yamaichi started their four-day punishment for involvement in a spate of financial scandals.

Business with corporate clients will be suspended until next Monday.

Shutters at Nikko's main office remained symbolically half shut, although retail business carried on as usual. Despite the absence of significant trading from the Big Four, the Nikkei average rallied 512.34 points to 23,121.30, and volume totalled 270m shares, remaining at the levels reached before the stock scandals broke.

Some municipal governments said they would suspend dealings with the Big Four. A total of nine prefectures and 12 cities indicated future securities-related transactions would be through second-tier brokerages.

Trading by Universal Securities, a Daiwa Securities affiliate whose market share rose to 2.4 per cent from the normal 1 per cent, pushed the index up. Traders said many clients simply shifted business to affiliate brokerages.

Foreign brokerages expressed their apprehension. "The ministry of finance does not understand how the system works – business suspension is not the appropriate punishment," said Mr Yoichi Kamina, Tokyo director for SG Warburg, the British merchant bank, said.

Activity of the Big Four securities houses was limited to buying shares on behalf of their own accounts and individuals, depressing market share to an estimated 13 per cent.

Daiwa said members of its corporate division spent the day cleaning up around the desks.

Brussels works on Tokyo pact

THE European Community is still thrashing out the wording of a declaration on relations with Japan due to be signed in The Hague next week during a visit by Mr Toshiki Kaifu, the Japanese prime minister, writes Ronald van de Krol.

Progress on has been held up by disagreements between Japan and France.

Mr Hans van den Broek, the Dutch foreign minister, said he hoped the agreement would be ready for signature as planned on July 18.

Japan had objected to a French-supported reference to the need for a "balance of benefits" in trade relations. The French have been seeking a declaration that calls for reciprocity in trade relations.

Correction
Kakuei Tanaka

Mr Kakuei Tanaka did not resign as prime minister of Japan because of the Lockheed scandal, as was reported in some editions of the Financial Times yesterday. He left office in 1974 and the Lockheed affair, which resulted in his conviction on bribery charges, surfaced only in 1976.

Malaysia unveils higher public spending in development plan

MALAYSIA unveiled its 1991-95 development plan yesterday featuring sharply higher public spending to improve infrastructure, streamline the booming economy and strengthen defence, Reuter reports from Kuala Lumpur.

Mr Mahathir Mohamad, prime minister, said the main thrust of the Sixth Malaysia Plan was to sustain and manage economic growth led by the private sector to help turn Malaysia into an industrialised country by the year 2020.

Under the plan, public spending will jump to M$104bn ($37.4bn) from M$61.85bn in the last five-year period.

"The fundamental issues that are dealt with in the Sixth Plan are related to the challenge of sustaining the growth process which the country has been enjoying since the rapid recovery following the recession in 1985-86," Mr Mahathir said in a foreword to the 467-page report.

The Sixth Plan is the first of two five-year programmes under the 1991-2000 National Development Policy unveiled by Mr Mahathir last month.

The NDP, which stressed economic growth ahead of wealth distribution along racial lines, replaced the controversial 1971-90 New Economic Policy social engineering programme introduced after riots between Malays and Chinese in 1969.

The federal government will spend M$55bn over the next five years, largely on improving communications and transport, education, health and defence.

The remaining M$49bn will be spent by state governments, statutory bodies, local authorities and non-financial public enterprises such as the state oil company Petronas.

The plan will help diversify the industrial base, enhance human resource development, boost technology and reduce structural imbalances among sectors and regions in the country, the report said.

Of the total spending earmarked for 1991-1995, M$19bn was for projects carried forward from the Fifth Plan.

While the Sixth Plan spending is higher, it would only comprise 13 per cent of gross national product, compared with 14.3 per cent in 1986-90.

Among major items for 1991 to 1995, the government will spend M$10.83bn on transport and communications.

Defence spending will be quadrupled to M$6bn.

Saddam still lying about nuclear arms, says Bush

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday accused President Saddam Hussein of not coming "totally clean" about the extent of Iraq's nuclear weapons programme and said he had started international consultations about further action.

His comments were made as it became known in Washington that the Iraqi leader had ordered the execution of 14 generals last month.

According to those with access to up-to-date intelligence about Iraq, the 14 senior army officers had been summoned to Baghdad expecting to be decorated with medals and possibly promoted. But instead they were all executed.

It is not known whether they were killed by Mr Saddam himself, as has allegedly happened in the past, or just on his orders. One of the officers had apparently been boasting at his barber about his promotion before he was executed.

During the Iran-Iraq war several senior Iraqi officers were killed because of Mr Saddam's doubts about their loyalty or performance.

Speaking at a press conference at the White House yesterday, Mr Bush said he had already talked to President Hosni Mubarak of Egypt and Prime Minister Brian Mulroney of Canada about the Iraqi nuclear programme and would be talking to others in the next day or two.

Saying he was "very sceptical" about the Iraqi leader's move, Mr Bush anticipated a "unanimous view that we've got to keep our eyes wide open and not be lulled by some very belated offering from Saddam Hussein that he is now willing to do that which he should have done a long time ago."

Mr Bush said that because the issue concerned "hiding and cheating and lying on nuclear matters," there was more unity in the coalition than there might have been on another question.

He said the US aim was to "set up a mechanism so whenever there is any evidence of intelligence that is even a hint of his violation of United Nations resolutions, the international community must be satisfied that the equipment has been destroyed."

EC links trade deal to Israeli peace progress

By Hugh Carnegy in Jerusalem

ISRAEL'S bid for closer economic ties to the European Community, its main trading partner, will depend on progress towards an Arab-Israeli peace agreement, EC officials visiting Israel said yesterday.

They said Israel's request for similar status to European Free Trade Association (Efta) countries – which are negotiating inclusion in a European Economic Area with the EC – could be met. But they made clear the issue would be firmly linked to the peace process, in which the EC has been pushing Israel to make concessions.

"This could only come through when the peace has been totally established with Arabs and Palestinians," said Mr Marc Pierini, economic adviser to Mr Abel Matutes, the Commissioner for Mediterranean policy who yesterday met Mr Yitzhak Shamir, the prime minister, Mr David Levy, the foreign minister, and Mr Yitzhak Moda'i, the finance minister.

Israel has had a free trade agreement with the EC since 1975 but fears this will not be sufficient to safeguard its trading position within the community after the 1992 internal market reforms take effect. The EC buys a third of Israel's exports and expanded sales to the community are vital to the economy's need to absorb an expected 1m Soviet Jewish immigrants by mid-decade.

But while Israel wants freer access to EC markets it is also hesitant about the reverse process. Imports from the EC exceed exports by about $4bn a year and Mr Moda'i made it clear to Mr Matutes this imbalance needed to be redressed before Israel could afford greater EC access to its markets.

In earlier talks with an International Monetary Fund (IMF) delegation, Mr Moda'i discussed Israel's request – its first for more than a decade – for an IMF loan expected to be around $300m to help bridge its fast-growing balance of payments deficit.

Preliminary figures released yesterday showed an immigration-driven import surge had pushed the trade deficit up by more than 60 per cent in the first six months compared to last year to $2.5bn.

UK eases Syria arms stance

By Ronald van de Krol in The Hague

BRITAIN will no longer stand in the way of a lifting by the European Community of its embargo on arms sales to Syria, it said yesterday.

The change in the UK position represents an important diplomatic gesture to Damascus but it will not have any immediate practical effect, as the Netherlands, which holds the rotating EC presidency, does not intend to propose a lifting of the arms ban yet.

EC foreign ministers meeting in The Hague said there were clear signals Syria would soon send a "positive response" to a recent letter from President Bush on the Middle East situation.

Speaking after the EC meeting, Mr Douglas Hogg, UK Foreign Office minister, said any lifting of the arms embargo did not mean Britain intended to resume arms sales to Damascus. Britain's national arms controls would continue to bar arms sales to Syria.

The EC arms embargo came after Britain blamed Damascus for an attempt to blow up an Israeli airliner at London's Heathrow airport in 1986. Britain re-established diplomatic ties with Damascus in November.

UN leaders nearer to Mideast arms accord

By Robert Mauthner, Diplomatic Editor

THE FIVE permanent members of the United Nations Security Council – the US, Soviet Union, China, Britain and France – made unexpected progress in laying the foundations of a Middle East arms control regime at a meeting in Paris which ended late on Tuesday.

Barely a week before the summit of the seven leading industrialised countries in London, at which prospects for a new Middle East peace order will figure prominently on the agenda, senior officials from the five reached broad agreement on the outlines of a Middle East arms control regime.

The significance of their understanding, which is due to be fleshed out by experts in September and another plenary meeting in October in London, is that the five, as well as being permanent members of the Security Council, also account for more than 80 per cent of the world's arms exports.

The essence of the agreement is to create a nuclear-free zone, and to limit and eventually ban all weapons of mass destruction in the area. Countries in the region should be persuaded to sign a global treaty banning chemical weapons, which has yet to be finalised in the Geneva disarmament talks, stop the import of weapons-grade nuclear materials and allow all nuclear facilities to be regularly inspected.

In addition, the five are advocating a freeze on ground-to-ground missiles in the area, leading eventually to a total ban, and have undertaken to draw up guidelines on the restriction of conventional arms sales and arms transfers to the region. They also backed the proposal by Mr John Major, the British prime minister, for the establishment of a UN register of conventional arms sales to the Middle East.

The communiqué issued after the meeting, while underlining the need for arms control "on a global, as well as a regional basis," made clear that it was basically President George Bush's plan for regional arms control in the Middle East, proposed in May, which was the foundation of the five's agreement.

Apart from its application to a more restricted geographical area, however, many of the plan's elements echoed the proposals for a global disarmament regime made by President François Mitterrand of France at about the same time.

"We feel the Gulf war has underscored the need to do something special in the Middle East," the chief US representative, Mr Reginal Bartholomew, said after the meeting. But he stressed that this did not preclude extending the agreement to other regions, if it worked in the Middle East.

It is also recognised that, in spite of the dominant position of the five in the international arms trade, any agreement on restricting arms sales to the area would also have to be extended to other suppliers, if it is to be completely effective.

Rao party clears its first hurdle

By KK Sharma in New Delhi

INDIA'S minority Congress government overcame its first parliamentary hurdle yesterday when its nominee, Mr Shivraj Patil, was elected Speaker of the Lok Sabha (lower house) without opposition.

Mr Patil's victory was assured after Congress reached a deal with the Hindu revivalist Bharatiya Janata party, which now forms the main opposition, under which it was agreed that the BJP's nominee would be elected deputy Speaker a week later.

Since this assured Mr Patil's election, the National Front-Left combine did not press its nominee, Mr Rabi Ray, Speaker of the last Lok Sabha.

But the combine strongly criticised the Congress-BJP agreement, saying the government wanted to use the office for partisan purposes.

The BJP has made it clear that the agreement does not mean it will co-operate with Congress on all issues and it will vote against a motion of confidence that Mr P.V. Narasimha Rao, the prime minister, will move tomorrow.

Mr Rao, in an unscheduled broadcast on Tuesday night, defended the government's decision to devalue the rupee and the recent foreign trade policy changes.

West pledges $8bn to help Egypt curb public sector

By William Dawkins in Paris

WESTERN aid donors yesterday promised to make available $4bn a year for the next two years to bolster Egypt's efforts to curb the public sector and create a decentralised market economy.

The agreement, for far more than Cairo had expected, came at a World Bank aid-group meeting in Paris, the first of its kind concerning Egypt for 10 years.

It marks a substantial rise in Western aid for Cairo, and means the financing of its reform programme in now fully covered, Dr Kamal El Ganzouri, deputy prime minister, said.

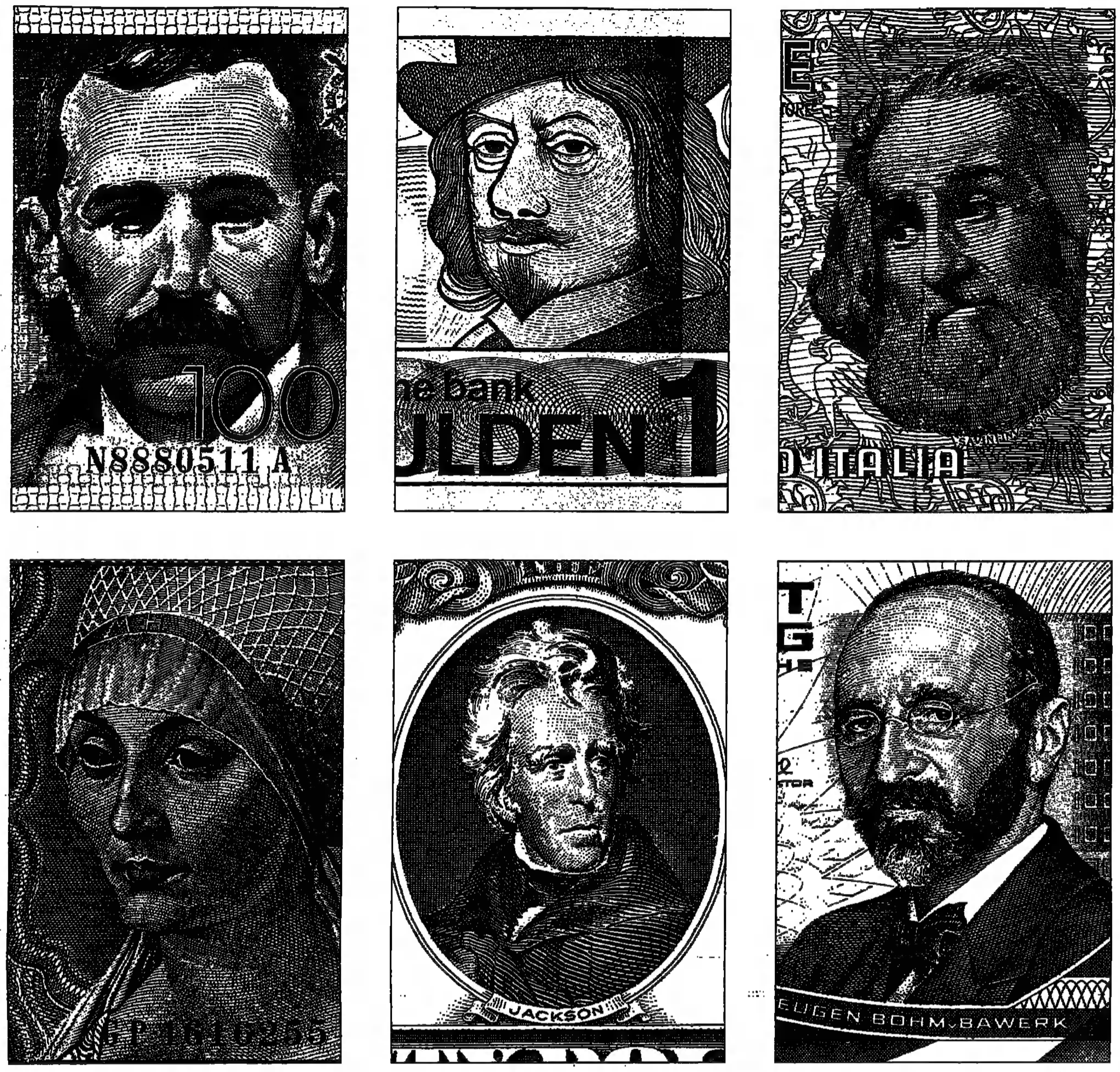
He estimated that loss of export earnings and workers' remittances plus the damage to the tourist trade caused by the Gulf war has cost Egypt $20bn.

Previously, it had to rely on bilateral aid agreements, because the World Bank had not felt the country's economic management warranted multilateral assistance. This has changed, following agreement with the International Monetary Fund three months ago on essential reforms, to liberalise exchange rate and interest rate systems, raise energy prices, cut the budget deficit and launch a new sales tax.

In recognition of Egypt's economic efforts, as well as its contribution in the Gulf war, Western creditor-nations agreed in May to halve its $20.2bn official debt over the next three years. This was followed last month with two World Bank loans and an International Development Association credit for $524m. "We now felt that the conditions were right to go ahead," a World Bank official said.

Most of cash made available will be in grants and soft loans, with only $500m of the first $4bn offered on commercial conditions, Mr Willi Wapenhans, the World Bank vice-president heading the session, said.

Officials do not yet know how much is genuinely new money and what is confirmation of existing commitments. But the money does include $500m for a social fund to help create jobs for those put out of work as a result of the reforms.



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AMERICAN NEWS

Personal attack on Radicals triggers split

Argentine opposition breaks off pact talks

By John Barham in Buenos Aires

LEADERS of Argentina's opposition Radical party have broken off talks about a political alliance with the Peronist government of President Carlos Menem, he having launched vitriolic personal attacks on the Radicals.

Mr Menem called Mr Raúl Alfonsín, his predecessor as president and the head of the Radical party, "arrogant" late on Tuesday, and ridiculed him for having left office five months early in July 1989 as inflation ran out of control.

Mr César Jaroslavsky, the Radical leader in Congress, said yesterday Mr Menem's remarks had "negatively charged the atmosphere".

All this was provoked last week when a Radical provincial governor seized $16.6m in central bank funds to pay local government employees. He was firmly supported by the rest of the party, which accuses the government of discrimination against Radical provincial administrations.

Mr Alfonsín and Mr Jaroslavsky held talks in recent weeks with Mr Domingo Cavallo, economy minister, and other senior government officials to forge a "democratic pact" as the country prepares for gubernatorial and congressional elections in coming months.

Mr Cavallo's uncompromising stand over what he describes as provincial government overspending has earned him the Radicals' deep enmity.

The government needs an accord with the Radicals because the party has the power to prevent a quorum in Congress. The economy minister needs legislation to increase taxes, issue bonds to finance an estimated $12bn in government debts, and renew a 12-month freeze of a further $5bn in claims against the government that is to end on August 28. However, he has rejected reports that the government would resort to presidential decrees for lack of congressional support.

A poll published yesterday gives Radicals a strong lead in the key province of Buenos Aires. A Peronist defeat there would severely weaken the central government.

Colombian rebels step up offensive

By Sarita Kendall in Bogotá

COLOMBIA'S left-wing guerrilla groups have been dynamiting oil pipelines, radar installations and electricity pylons as part of a nationwide offensive which coincided with the signing of the country's new constitution.

Several towns on the Caribbean coast and in the central and northern regions had power supplies cut off on Sunday and Monday.

In the southern Putumayo area, guerrillas destroyed oil storage tanks and damaged production equipment.

Other guerrillas set up road blocks on a highway to the north coast and took over two towns in Antioquia and Cauca.

Several guerrillas and security force personnel have been killed in fighting.

Representatives of the ELN and Farc guerrilla armies, which have been discussing peace proposals with the Colombian government in Caracas, have asked for a postponement of the second round of talks, which are due to begin next Monday.

So far, there has been little progress towards defining a peace agenda and the groups' activity has increased considerably, concentrating on economic targets in Colombia.

According to the Bogotá daily newspaper El Tiempo, a dissident group supporting negotiations has arisen within the hard-line ELN movement.

This group favours the approach adopted by Colombia's other guerrilla organisations – the EPL and M-19 – which have demobilised and plunged into electoral politics.

Inflation rise in Mexico

MEXICO'S consumer prices rose by 1 per cent in June, bringing the cumulative increase for the first six months to 9.1 per cent and suggesting the government's inflation target for the year is unlikely to be reached, Rebecca Doulton reports from Mexico City.

Mexico has registered 1 per cent inflation for each of three consecutive months, according to the Bank of Mexico monthly reports. However, monthly consumer inflation would have to be cut to an average of less than 0.8 per cent over the remaining six months if the goverment's aim of 14 per cent were to be attained.

Most economists now forecast a rate between 17 and 19 per cent.

LA police chief rapped

By Lionel Barber in Washington

MR DARYL Gates, the Los Angeles police chief, faces renewed pressure to resign, an independent report having accused the city police department of racism, excessive force and lax discipline.

He has fought off calls for his resignation ever since the beating of a black motorist by five LA police officers was videotaped by a passer-by on March 3. But the 228-page Christopher Commission report, published this week, discovered widespread abuse among a small but significant number of officers.

The commission – headed by Mr Warren Christopher, former deputy Secretary of State – calls for an overhaul of the disciplinary system, more community-based policing and a strengthening of the powers of the city's mayor at the expense of the police chief.

Questions remain about whether LA tax-payers will fund changes, notably increasing the low proportion of police officers per head of population.

The commission stopped short of blaming Mr Gates for the LA police's problems but recommends that no police chief serve more than two consecutive five-year terms. Mr Gates, 64, has been police chief for the 13 years.

Mr Gates said the report was good, but made no apologies for his department's aggressive response to violent crime, noting that LA had 17 homicides last week alone.

A slow reconquest of California

Peter Riddell examines Hispanics' progress in the American west

CALIFORNIA is returning to its Hispanic roots. More than a quarter of the population of the most populous US state is of Hispanic descent and the proportion is increasing rapidly. It has extensive implications, not only for California and neighbouring south-western states but also for all the US.

During the past decade, the number Hispanics living in the US has risen by 53 per cent to 22.3m, or roughly 9 per cent of the total. But this group, which prefers to call itself latino, is heavily concentrated in a few states, notably California, where its total jumped by 56 per cent to 7.7m, or nearly 26 per cent of the whole.

Anglos, as whites are known, have declined from two-thirds to barely a half of California's population in just 10 years of a rapid growth in the numbers of latinos and Asian-Americans, notably new immigrants.

The changes are still reverberating. The massive inflow of often cheap labour enabled Los Angeles to be one of the few cities to retain a large manufacturing base, but it has posed big social problems. Nearly 40 per cent of Mexican-Americans lack health insurance and 40 to 50 per cent leave high school before graduation.

There are questions about how far the Spanish-speaking groups will assimilate, or whether they will consolidate as Mexican or Cuban enclaves. For now, all the evidence suggests latinos are learning English as quickly as Italians and Poles did in the 1890s. A striking sign of their impact on

Glyn Genin

Hispanic Americans build computers in the US

American life is the large number of latino baseball players.

Yet the ethnic group remains politically under-represented. Only three of the 45 Californians in the US House of Representatives are latino; only six of the 80 state assembly members are and only one of the 40 state senators is.

Part of the problem is that most Hispanics do not vote – even less so than other minorities – mainly because many are not US citizens. Some 40 per cent of latinos in the Los Angeles area are not naturalised, partly because many are recent arrivals and also because of bureaucratic obstacles to citizenship.

Mr Richard Martinez, executive director of the Southwest Voter Registration Project, estimates that, of 7.7m latinos in California, there are only 2.5m potential voters aged over 18, of whom about 1.2m register and only 800,000 voted last November.

Mr Martinez also accuses the Democratic Party, which most latinos support, of seeking to suppress them by concentrating their appeals on whites and, in particular, by gerrymandering district boundaries.

Each state legislature is now redrawing boundaries – in the case of California, the potential rewards are large. The state's House delegation will increase by at least seven.

Hispanic groups are determined to win their fair share, using the 1982 Voting Rights Act which specifically protects minority representation. Mr Martinez talks of an extra half-dozen latino House seats. This threatens clashes not only with existing white incumbents but also with well-organised black groups, whose share of the state population is stable.

The latinos secured a big victory this year with the election of Ms Gloria Molina to the five-person board of supervisors which runs Los Angeles County, with a budget of $10bn. This outspoken populist has challenged the existing white power structure and become a national symbol for what she calls the "empowerment" of her poor constituents.

For all that, as a new study by the Institute of Governmental Studies at the University of California at Berkeley concludes, Hispanics and Asians may have increased numbers but whites are likely to control the political system in California well into the 21st century because of their much higher voter turnout and their ability to raise the requisite campaign funds. This, the study warns, may lead to political clashes between the suburbs and the cities, along racial lines, over taxation and development.

WORLD TRADE NEWS

Foreign currency shortage forces Soviet Union to slash imports

By William Dullforce in Geneva

DRACONIAN cuts in Soviet imports in the first three months of 1991 reflect a severe shortage of convertible currency and indicate that the Soviet Union's external financial position is worse than foreseen only a few months ago, the UN Economic Commission for Europe (ECE) says.

Imports from the west fell by nearly half in the first quarter, according to Soviet data, and by 27 per cent according to western figures. Adjustment for Soviet trade with former East Germany would account almost completely for the discrepancy, the ECE states.

In its mid-year update of its annual report, the ECE, which has long experience of monitoring the Soviet and eastern European economies, reports a plunge in Soviet trade with the west. Exports declined by 8 per cent in value and even more in volume during the first quarter.

The 49 per cent reduction in the value of imports moved the Soviet trade balance with the west from a deficit of nearly $4bn in the first three months of 1990 into a small surplus. The import cuts reflect a rapidly deteriorating foreign currency position and a considerable need for further finance in 1991, the ECE says.

EAST EUROPEAN TRADE
1st quarter 1991* %age change in $ values

	Exports: National figures	Exports: Western figures†	Imports: National figures	Imports: Western figures†
Albania	–	−4	–	1
Bulgaria	−9	10	−77	−40
Czechoslovakia	−13	14	−19	44
Hungary	–	29	–	29
Poland	27	30	63	93
Romania	−30‡	−16	10‡	−12
Yugoslavia	1	15	5	18
Eastern Europe	–	18	–	31
Soviet Union	−8	22	−49	−27

* Change relative to same period in previous year; † data for Germany adjusted to exclude trade of the east German Länder with eastern Europe; ‡ trade denominated in convertible currencies with all partner countries. Source: national statistics, OECD, Statistics on Foreign Trade, Series A, Paris.

First, $12bn is required to settle medium and long-debt falling due this year.

Second, the Soviets will need to repay maturing short-term debt which under normal circumstances would have been automatically rolled over. International banks have started to shrink their Soviet exposure, reducing new medium and long-term lending and withdrawing short-term inter-bank deposits. The country's stock of short-term debt fell from Rbs10bn ($16bn) at the beginning of the year to Rbs1bn in May.

Third, arrears of more than $4bn to western and eastern European suppliers await settlement, according to Mr Valentin Pavlov, the Soviet premier.

In addition, the ECE suggests, the Soviet authorities may find it prudent to replenish their currency reserves. Deposits with banks reporting to the Bank for International Settlements fell from $14.7bn at the end of 1989 to only $8.7bn at the end of last year.

Partly to show support for President Mikhail Gorbachev's perestroika, western governments allocated $22bn in credits and guarantees between January 1990 and March 1991 but new credits have virtually ceased.

Gold sales are an important source of funds but, according to the ECE, the Soviet Union is not likely to raise its annual deliveries markedly despite its large gold stock. Fear of driving down the world gold price is seen as a constraint.

The ECE also reports an average first-quarter fall of 13 per cent in industrial production in seven east European countries, including Yugoslavia. Worst hit were Bulgaria, where output declined by 26 per cent and Yugoslavia, down by 19 per cent. Even Hungary and Czechoslovakia recorded downturns of around 13 per cent. Poland showed a 4 per cent fall.

US TEAM ASSURED LEGISLATION IS IN PIPELINE

UAE pledge to act on copyright breaches

US trade representatives concerned about trademark and copyright infringement in the United Arab Emirates have been assured that legislation is being prepared to tackle the problem, writes Victor Mallet in Abu Dhabi.

Mr Michael Brownrigg, who supervises the Middle East section of the Office of the US Trade Representative, led a delegation to the UAE this week after the country was put on the US "watch list". Pirated copies of video and audio cassettes and computer software, as well as counterfeit goods bearing famous brand names, worth millions of dollars, are widely available in the UAE.

They are imported from the Far East and produced in the UAE itself, both for the local market and for re-export. Mr Ramesh Lal, export manager for Brooke Bond India in Dubai, was quoted as saying this week that there were more than 10 types of tea in the UAE masquerading as the company's Red Label brand.

Advertisements appear regularly in the local press threatening action against copyright and trademark pirates, but existing controls as applied by the courts are too weak to deter offenders.

UAE ministers assured the US delegation that intellectual property rights would be protected under federal legislation to be enacted in coming months. Unfortunately the seven individual emirates do not always enforce federal laws, although officials of Dubai's Jebel Ali free zone – one of the country's main commercial and industrial centres – assured the US group that they would enforce the new legislation effectively.

The US officials, who regard the proposed federal laws as a first step, have now gone to Cairo. Egypt and Saudi Arabia are the other two Middle East countries on the "watch list".

Parliament backs Czech pollution law

By Ariane Genillard in Prague

THE CZECHOSLOVAK federal parliament has approved an anti-pollution law which will allow heavy penalties to be imposed on polluters and for a badly needed environmental clean-up to start.

But while the law sets the general framework for a nationwide environmental policy, its specific applications remain under the jurisdiction of the Czech and Slovak republican parliaments.

New constructions and reconstructions remain subject to the republics' specific legislation. But it is expected that the republican parliaments will demand they comply with EC standards from the start.

The federal law, while defining polluters and polluting chemicals, also specifies the duties of enforcement agencies. The agencies will be allowed to impose fines of up to Kcs10m (£197,800) on polluters; this can be doubled for second offenders.

Under certain circumstances inspectors will have a mandate to close down a polluting plant. Individual republics will also be free to increase penalties, as well as the list of polluting chemicals.

The federal law sets a target of five years for existing polluters to adopt the European Community's pollution standard.

This period could be changed later, depending on the economic situation.

Volkswagen launches Taiwan joint venture

By Peter Wickenden in Taipei

VOLKSWAGEN yesterday formed a joint venture in Taiwan to build light commercial vehicles for domestic sale and exports.

Mr Werner Schmidt, of Volkswagen's board, said the plant would form one point of a "Chinese triangle" as part of the company's Asian strategy. The German vehicle group has a joint venture in Shanghai producing Santana saloons and expects to start making its Golf and Jetta models in Changchun by the end of the year.

Production of vans, pick-ups and minibuses at a new plant in the north of Taiwan is expected to start in 1993 and reach 30,000 vehicles a year by 1998, with possible increases later. It will export vehicles to Asia, and may later ship components to VW plants in China and Europe.

Taiwan bans direct trade with China, but Mr Schmidt expected this to change in the next few years.

The joint venture company, called Ching Chung Motor, is capitalised initially at $110m, of which a third comes from VW and two thirds from Ching Fong Investment (CFI). The partners expect total investment to reach about $200m.

CFI is a diverse industrial investment group that also has the majority share in San Yang Industry, a joint venture producing Honda cars in Taiwan.

Traffic-choked Taiwan, with a population of 20m, is home to more than 10 joint venture car and commercial vehicle manufacturers involving Japanese, US, French and now German partners.

Last month, General Motors formed a joint venture to produce Opel Astra cars.

Almost all of these ventures are low volume operations selling over-priced cars to the near-saturated domestic market, but with an eye to meeting future demand from China and other Asian countries.

OECD Export Credits Rates

The Organisation for Economic Co-operation and Development yesterday announced the following minimum interest rates for officially-supported export credits (June rates in brackets):

D-Mark: 9.68 per cent (9.52)
French Franc: 10.37 (10.17)
Guilder: 9.75 (9.65)
Italian lira: 12.08 (11.90)
Yen: 7.70 (7.50)
Peseta: 12.92 (12.86)
Sterling 11.53 (11.35)
Swiss franc for credits of less than eight years 8.30 (same), for credits of more than eight years 8.55 (same)
US dollar for credits of up to five years 8.84 (8.60), for credits of over five years 9.24 (9.06).

These rates are published monthly by the Financial Times, normally around the middle of each month. They apply to all export credits. However, on those to middle-income and poor developing countries the OECD matrix rate can be used if lower.
This is a standard set of rates reviewed twice a year, in January and July.

Bonn seeks DM23bn owed by Comecon

BONN IS attempting to retrieve DM23.4bn ($12.7bn) owed to former East Germany by members of Comecon, the dissolved communist economic bloc, the Finance Ministry said yesterday, Reuter reports from Bonn.

They added, however, that the German government, hit by soaring costs following unification last October, had little hope of winning back the whole sum.

The debts arose from East Germany's trade surplus in transferable roubles, an accounting unit that Comecon used because it had no market prices to calculate the value of traded goods.

The Finance Ministry listed the sums owed to Bonn as follows: Soviet Union DM15bn, Poland DM2.02bn, Czechoslovakia DM2.02bn, Hungary DM1.29bn, Bulgaria DM1.2bn, Romania DM1.2bn, Cuba DM43m, Vietnam DM144m and Mongolia DM34m.

BUSINESS LAW

Community law continues advance into domestic forum

By Deirdre Curtin

While public attention is largely focused on European economic and political union and the Commission's internal market programme, subtle and profound changes to the relationship between Community law and national law are being made in Luxembourg.

The Court of Justice, the Community's judicial arm, has handed down a series of decisions with far-reaching effects on the rights and liabilities of individuals and businesses throughout the EC.

In the latest, at the end of May, Advocate-General Mischo made a radical proposal to the court that member states should be liable in damages to individuals or businesses for losses suffered when their governments fail to implement Community law, even if the national legal system does not permit such liability.

The case (Francovich and Bonifaci) was in Italian and the opinion was given in French. If accepted by the court, the proposed doctrine would overrule English jurisprudence. It also has important constitutional implications throughout the European Community.

These decisions represent the steady advancement of Community law into the domestic forum. The advocate-general's "activist" position flows partly from a desire to ensure that Community law is effective in the face of systematic failure by member states to implement directives correctly or on time.

To set the advocate-general's opinion in context, it is necessary to step back to 1963, when the court decided (in van Gend & Loos) that some Community measures could have "direct effect" giving Community law rights to people rather than simply imposing duties on governments.

This was one of the most activist decisions ever and substantially extended the scope of the Treaty of Rome. The doctrine has been very important in ensuring the effectiveness of Community law in the national legal order.

"Direct effect" can apply to directives, although the court has imposed some stringent limitations. Specifically, it ruled categorically in 1986, in Marshall, the sex discrimination and retirement age case, that the doctrine only operated against the state or an "emanation" of it.

The court subsequently eroded this limitation, by construing "the state" very broadly to include not only local authorities and health authorities but also the chief constable of the Royal Ulster Constabulary, a constitutionally independent officer. It recently made it clear that public utilities such as the British Gas Corporation (before privatisation) were also "the state" and could be forced to give individuals the benefit of rights stemming from unimplemented Community directives.

The court has not yet been confronted with the trickier issue of privately owned utilities or industrial companies where the state is a significant shareholder.

All these cases turn on whether the defendant companies and authorities could be equated with the state. Recently the court has side-stepped, although not necessarily abandoned, the whole notion of "direct effect" for directives.

In a recent Spanish case (Marleasing), the court was asked whether a provision of a Company Law Directive was directly effective as between two private companies. "Direct effect" would say no. However, in reply, the court completely reworded the question asked.

It held that where the terms of a directive have not been incorporated into national law, a national court was obliged (where at all possible) to "interpret" existing national law as if it had been amended by the Community directive.

The court has now given national judges, at every level, a virtual mandate to amend existing acts of parliament retrospectively in the light of the provisions of subsequent Community directives.

Businesses can no longer rely on national legislation to express the full extent of their legal obligations. They must face the new reality that they should increasingly concede Community law rights based on unimplemented directives.

This fact has implications across a broad range from company law and labour-employee benefits, to product liability and the environment.

The advocate-general's opinion is the flip side of the coin. If there is no national legislation capable of being interpreted and the Community provisions are not "directly effective", can a party suffering loss nevertheless sue the state in damages for its failure to legislate correctly?

The basis for this remedy can only be Community law. The advocate-general explicitly deals with the point where the relevant national law does not allow non-contractual liability for legislative acts. He holds that in these circumstances national law must create a new remedy in damages for failure to fulfil Community law obligations. This goes considerably further than existing law in the UK.

Some years ago the English Court of Appeal held (in the Bourgoin case) that no remedy in damages existed under English law for losses suffered as a result of a member state's contravention of Community law. If the court follows the advocate-general, this will be overruled. If no remedy exists then one must be created.

It seems that the court is shedding at least some of its traditional reluctance to set guidelines over the procedural and remedial rules to be followed before the national courts. This dynamism confirms the impression that the court may have again entered an activist phase, after the restraint of the 1980s.

This tendency to use national courts as an instrument for the enforcement of Community law places an extra burden on lawyers and judges to be aware of Community law. The court has switched the emphasis away from the so-called "direct effect" of directives (a decision for the court) to insisting that national courts (themselves) "interpret" national legislation in the light of pertinent Community law.

Damages may well be an additional legal tool to ensure that directives do not have an elastic quality with member states agreeing to their adoption knowing that there is no effective penalty if they are not implemented.

An action for damages should ensure a more effective guarantee of member state compliance. It is much more difficult for member states to disregard a decision of their own courts concerning their liability for their failure to implement a directive properly or on time than it is to disregard the more remote European Court.

The revolutionary nature of the the advocate-general's solution is implicitly recognised in the recommendation that the court should limit the temporal scope of its judgment. Only those who have initiated legal proceedings before the date of the court's judgment (at the earliest in October) would be able to obtain damages for the state's failure to implement directives in the past. Any potentially aggrieved party should consider suing now rather than later.

If the court agrees with its advocate-general, it will give a considerable boost to the Community's political institutions, in particular the Commission, in the run-up to 1992 and in their battle to ensure correct and timely application of Community directives.

The author is a barrister with Freshfields, Brussels. She is also a senior research fellow at the University of Leiden in the Netherlands.

THE BCCI SHUTDOWN

GOVERNMENT NEGOTIATIONS

Mixed signals emerge from talks

By Victor Mallet in Abu Dhabi

FACE-to-face discussions between the UK and Abu Dhabi over the shutdown of Bank of Credit and Commerce International (BCCI) ended yesterday when officials from the Gulf emirate returned home after a day of talks in London.

The Bank of England stressed, however, that there was still "a continuing dialogue" between the two countries. The Bank hopes that the ruling family of Abu Dhabi, which is headed by Sheikh Zayed bin Sultan al-Nahyan and has a majority stake in the bank, will help compensate the thousands of depositors and employees affected by the worldwide shutdown.

There was no official word yesterday from the UK or from Abu Dhabi as to whether the emirate's representatives were satisfied with the Bank's explanation for its decision to lead a worldwide seizure of BCCI's assets last week.

Initial signals were mixed. The Abu Dhabi team – including Mr Ghanem al-Mazrui and Mr Jouan Salim al-Dhaheri, who help manage the finances of the ruling family and the emirate, and Mr Abdul-Malik al-Hamar, governor of the central bank – immediately embarked on urgent discussions within the government.

Talk among the Abu Dhabi elite was that the officials had returned dissatisfied because they had not even been allowed to see information about BCCI branches in the United Arab Emirates.

The government-guided local press, on the other hand, yesterday toned down its criticism of the Bank's move against BCCI.

The UK Foreign Office, while emphasising that the BCCI scandal is purely a banking matter, is waiting anxiously to see if there will be any cooling of the hitherto warm relationship between London and Abu Dhabi.

Abu Dhabi has so far insisted that the Bank was aware of all BCCI's problems and of the emirate's plan to restructure the troubled bank a long time before it pounced last Friday. Sheikh Khalifa bin Zayed, the Crown Prince, is said to have signed a written guarantee to support BCCI.

At BCCI's operational headquarters above the BHS store in the centre of Abu Dhabi town, the mood is despondent. Executives and staff are reporting for work but cannot conduct any business, and the local telephone company has threatened to cut all telephone and telex lines.

Abu Dhabi feels honour impugned

Victor Mallet in Abu Dhabi explains why the Emirate is in a state of indignation

ABU DHABI'S indignation at the Bank of England-led closure of BCCI has as much to do with honour as with money. As the dominant oil producer in the United Arab Emirates federation, Abu Dhabi can bear the potential BCCI losses of billions of dollars, but it is embarrassed by the publicity surrounding the scandal. "It's really a tragedy," said one local businessman. "The reputation of Abu Dhabi is being ruined."

Sheikh Zayed bin Sultan al-Nahayan, the ruler of Abu Dhabi and now the UAE President, was one of BCCI's founders, and the al-Nahayan family and the Abu Dhabi authorities own 77 per cent of the shares. Sheikh Zayed is not a financial expert and it is not even clear if his advisers had dared to tell him about the fate of BCCI when he flew to Switzerland for a holiday on Saturday. His fourth and favourite wife Fatima has a house there, and Sheikh Zayed, who is at least 75 years old, likes to have his medical treatment in Europe.

The ruler's financial advisers and the managers of the Abu Dhabi Investment Authority – men such as Mr Ghanem al-Mazrui and Mr Mohammed Habroush – will have to explain why Abu Dhabi decided last year to increase its stake in the bank and mount a rescue operation instead of pulling out altogether at a time when BCCI was already regarded with suspicion by other financial institutions.

Abu Dhabi citizens say most of those involved in the BCCI takeover are furiously passing the buck and telling their friends that they were against it from the start. "The mistake was to give these people so much authority without control," said one Abu Dhabi official.

The Abu Dhabi elite does not share the view – widely held in Pakistan – that the Bank of England's clampdown on BCCI was part of a plot to undermine a flourishing Third World enterprise which competed with western banks. But the Abu Dhabians and the Pakistani BCCI executives who worked for them are furious at the timing of the Bank's move on Friday.

Abu Dhabi officials and BCCI staff argue that Threadneedle Street and Price Waterhouse, the auditors, knew everything that was going on in the bank and were involved in the restructuring plan from the beginning.

Shareholders and PW representatives gathered in Luxembourg on Friday – the same day that the Bank pounced – in an attempt to agree the 1990 accounts so that the reforms could proceed.

Abu Dhabi had agreed to make good the 1990 losses and to issue promissory notes to cancel out several billion dollars of bad loans which were being moved off the BCCI balance sheet into two new companies, probably based in the Cayman Islands. All that was in addition to the $1bn already injected by Abu Dhabi over the last 18 months.

"The Bank of England's timing was mind-boggling," said a senior BCCI executive in the bank's spacious but eerily quiet headquarters in Abu Dhabi.

"They knew every cent, every penny of the losses and how it would be covered. If it was going to be closed they should have done it in April last year."

Another executive added: "We never thought this could happen after so much injection of funds." Abu Dhabi's dispute with the BoE therefore hangs on whether the Bank found shocking new evidence of fraud in the last few days – as it suggests – or acted on the basis of undisclosed losses which Abu Dhabi and BCCI say the BoE already knew about it.

It is not known whether Abu Dhabi was satisfied by the explanation offered by the Bank of England during talks in London on Tuesday. For the moment it is assumed either that the Bank discovered something new, or that they got cold feet about the restructuring and the creation of yet more BCCI group companies in Grand Cayman.

CAYMAN ISLANDS

Charities probe halted last year

By Richard Donkin

THE Charity Commission began investigating charities connected with Bank of Credit and Commerce about a year ago and traced them to the Cayman Islands before abandoning inquiries owing to a lack of corporate information.

BCCI was a keen supporter of charities. In spite of not paying a cash dividend to its shareholders since 1980 it donated $83m to unnamed organisations and £26m to the ICIC Foundation over seven years to 1989.

The ICIC Foundation, a wholly-owned subsidiary of a UK-registered charity of the same name, was one of two Cayman-registered charities closely connected to BCCI. The other was the ICIC Staff Benefit Fund, said to be for the benefit of staff and their families. Together they owned 11.61 per cent of BCCI shares up to 1988.

The Charity Commission wanted to know why two ostensibly charitable institutions were based in a tax haven when UK-registered charities are exempt from all UK taxation.

Mr Agha Hasan Abedi, the bank's founder, was well known for his charity. He organised the bank's wage structure so that each member of staff gave two per cent of their salary to a charity of their choice.

A beneficiary of Mr Abedi's generosity was a third world farm help project called Global 2,000 associated with former US President Mr Jimmy Carter. Mr Carter and Mr Abdi were joint chairmen. Mr Carter's Presidential Centre in Atlanta, Georgia also benefited from donations arranged by Mr Abedi.

A senior bank executive said about 30 per cent of BCCI profits were channelled to the ICIC Foundation. Of these, one third went to various charities and the rest was divided between the Third World Foundation and the Staff Benefit Fund.

When BCCI announced redundancies and large losses last year staff discovered that rules on hardship handouts only applied to existing members of staff and not to those who had left the bank.

The Charity Commission, confirming the investigation yesterday, said: "The results of it were inconclusive. We found no evidence of non-charitable activities."

ICIC Foundation says it pays for poor students to be educated in Britain and elsewhere and for certain medical treatment.

The ICIC Group, also registered in the Caymans, which loaned the ICIC Foundation $74m, was the holding company for South Magazine which covered third world issues until it went into liquidation last year.

ICIC companies played an important part in the development of BCCI. More than 10 years ago they bought Bank of America's stake in the company and at one time held 40 per cent of the stock.

COUNCIL LOSSES

More than 50 local authorities may be involved

By Neil Buckley and Michiyo Nakamoto

POLL tax payers in many districts could face higher bills next year as a result of councils' losses in the collapse of BCCI.

Thirty councils in all parts of the UK are known to have had investments with the bank, and the Association of Distict Councils warned that the final tally of local authorities could be more than 50.

English authorities known to have been involved are Bury with deposits of £6.5m, Harlow (£4m), Mansfield (£2.4m), Wigan (£2.1m), Three Rivers (£2m), South Bedfordshire (£1.35m), York (£1.3m), Barrow-in-Furness (£1.2m), Stockport (£1.15m), Allerdale (£1m), Alnwick (£1m), Mid-Bedfordshire (£1m), Selby (£1m), Rother (£0.85m), and Bristol (£0.6m).

In addition to Western Isles, believed to have lost £10m to £23m, other Scottish authorities involved are Ross and Cromarty, with £1.8m, Clackmannan, with £700,000, and Banff and Buchan (£2m). Lisburn Council in Northern Ireland had £3m with the bank.

Many councils are concerned that the losses involved will affect poll tax charges. Bury Council warned it might have to raise its poll tax, depending on how long it was given to write the loss off.

South Bedfordshire, which had £1.35m in short-term deposits with BCCI, said this would "inevitably affect the community charge".

Local authorities continued to blame the Bank of England and the Department of the Environment for not warning them about the risk surrounding BCCI. Harlow Council said it was questioning the Bank of England on its intentions and would be pressing the Bank and the government for compensation.

Local authorities with funds invested in BCCI are meeting next Thursday to discuss lobbying the government and Bank of England. They will also discuss making a test case against one of the financial brokers which many authorities relied upon for placing investments.

It is common practice for councils to invest surplus funds, such as those accruing from the poll tax or non-domestic rate, in financial institutions until they are needed. Some money, such as that gained from the sale of council houses, is only permitted by law to be used to pay off debts or invested.

Q & A

Hot topics on the hotlines

By Philip Coggan

I have a BCCI account in an offshore centre. Will I get my money back?
The Isle of Man has its own compensation scheme, which is roughly similar to the UK version. In Luxembourg, there is a deposit protection scheme with a limit of LFr500,000(£8,000). In other countries, the position seems less promising.

I noticed that banks in some other countries, such as Pakistan, are still paying depositors. Is it worth flying out there to get my money?
Not unless your deposit was with a branch in the country concerned.

I have £1,000 in BCCI Visa travellers cheques. Will they be honoured?
Yes. Visa has said that it will stand by its travellers cheques at home and abroad. However, if you have problems with a trader, you should call the Visa helpline in London on 071 937 8151.

Can I transfer my credit card to another Visa issuer?
No, You will have to reapply and a new issuer will use the normal credit assessment.

I have not yet received my statement on my BCCI credit card bill, and it is past the usual payment date. Will I have to pay extra interest?
No. The Credit Card Research Group says that if there are extra charges because of a delayed statement, send a letter asking for your payment to be backdated to the normal payment date.

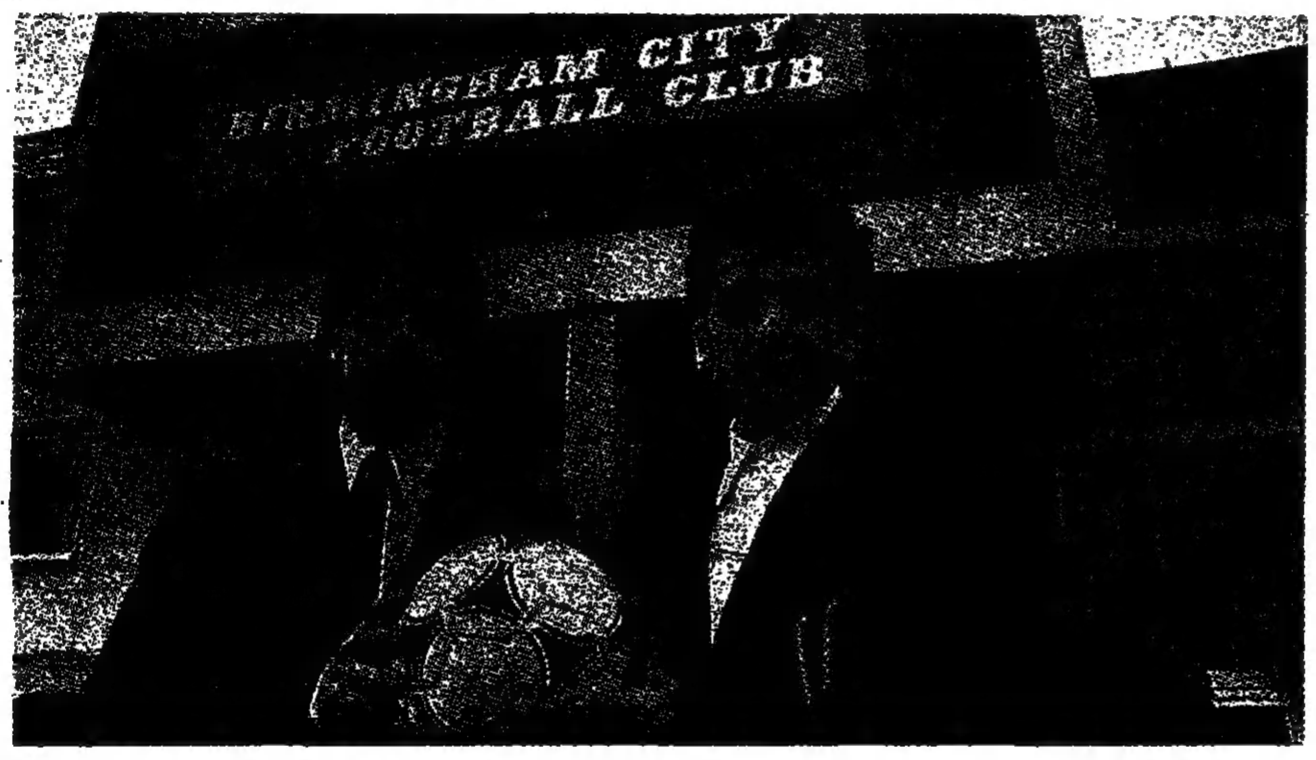
I am a trader who accepted a BCCI Visa card as payment last week. Will I get my money?
Yes. Transactions which occurred before BCCI was closed on Friday are being accepted. You should not now accept a BCCI card as payment; your bank will not authorise it.

My BCCI account is frozen. How do I open an account with another bank?
Other banks may take a sympathetic view, prompted by the government, if you can produce evidence of your BCCI account. The liquidators will pass on credit records.

I was employed by BCCI and had an account at my local branch. Does the Deposit Protection Scheme cover me?
Not if you were part of the ownership or a senior executive of the bank. It is a moot point how senior you have to be before you lose the chance of cover.

What if I have further questions?
The helplines are still open. Call Touche Ross on 041 408-7766/5335/5297 or the Bank of England on 071 601-3368/5394/3749/6204.

● A number of firms of solicitors and accountants are offering help and advice to BCCI customers, and some are considering organising depositor protection groups. Among them are: Levy Gee, chartered accountants, 071-267 4477. Jaques & Lewis, solicitors, 071-242 9755. Richards Butler, solicitors, 071-247 6555. Alexander Tatham, Solicitors, 061-236 4444.



Preparing for a tough legal clash: Mr Ramesh Kumar (right) and his brother Samesh, two members of the family who are issuing writs against the Bank of England alleging negligence and breach of statutory regulatory duty

TAX EVASION

Clients alleged to have been helped

By David Lascelles

NEWS OF the closure of BCCI will cause anxiety to those of its customers who appear to have been using its services as a means of evading various forms of tax.

Investigators found a number of accounts marked "No correspondence".

This means that the bank would not send out letters and statements to those customers' home addresses for fear of alerting the local tax authorities to their tax evasion.

There was also evidence that BCCI assisted some of its UK customers to evade value added tax and composite rate tax by accepting deposits from them in the name of overseas relatives who would not be eligible to pay either of these taxes. However, non-resident tax evaders can probably relax for the time being.

Central banks do not consider it their job to collect taxes for other countries' governments, and so far the authorities' report has only been passed to the fraud investigators.

The Bank of England will be giving the Inland Revenue and Customs & Excise evidence thrown up by its inquiries into UK tax evasion.

However the taxation authorities expect that tax evaders may choose not to lodge claims for compensation from the Deposit Protection Fund in order to protect their anonymity.

LUXEMBOURG

Regulator dismisses speculation on losses

By Andrew Hill in Luxembourg

LUXEMBOURG'S banking regulator yesterday dismissed attempts to put a figure on the losses at Bank of Credit and Commerce International as speculation.

"Because there was allegedly fraud, all the figures have to be looked at again from scratch," said Mr Pierre Jaans, director-general of the Institut Monetaire Luxembourgeois.

"Estimates of $15bn [of losses] for a group with assets of $20bn are just fantasy," he added.

Mr Jaans had just returned from London, where he met Abu Dhabi banking officials. He described the discussion as "the kind of talk which sounds good, but says nothing". But he added it was a positive sign that dialogue was taking place.

Assessment of BCCI's chances of survival began in earnest in Luxembourg yesterday with the arrival of a team of experts from Touche Ross, the accountancy firm. It was led by Mr Brian Smouha, who was appointed supervisory commissioner by a Luxembourg court on Monday.

He will decide whether to restructure or to liquidate BCCI SA, the Luxembourg-registered parent of the bank's European operations, and BCCI Overseas, based in the Cayman Islands, which heads activities in the southern hemisphere. Both are subsidiaries of the Luxembourg-registered holding company BCCI Holdings (Luxembourg) SA.

NatWest moves to assist Asian business

National Westminster Bank is putting special staff into 25 branches in areas where BCCI customers are concentrated to help them organise their financial affairs.

The staff have experience of dealing with Asian businesses.

The branches are in major centres such as London, Birmingham, Manchester, Leeds, Bradford, Leicester and Nottingham.

World round-up

● THE UNITED Arab Emirates' affiliate of BCCI has announced it was planning to change its name in an attempt to dissociate itself from the BCCI group, writes Victor Mallet in Abu Dhabi.

Shareholders of Bank of Credit and Commerce (Emirates) authorised the change at the annual general meeting in Abu Dhabi.

BCCI Holdings owns 40 per cent of BCC(E) and runs the local company under a management agreement. BCCI Holdings is not one of the BCCI group companies whose assets have been seized, but, if it is liquidated, the management contract becomes void and the 40 per cent shareholding must be sold in the UAE to UAE nationals, according to Sheikh Nahyan bin Mubarak al-Nahyan, BCC(E) chairman.

He told shareholders that the bank, the country's sixth largest, was in good shape, although the board had decided to shelve plans to double the authorised share capital from the present Dh400m (£67.1m). Withdrawals in the last three days of BCCI's troubles amounted to Dh200m.

BCC(E), reported net profit of Dh53m (Dh64m) for 1990.

● THE Banco de Credito y Comercio de Colombia (BCCC), 95 per cent owned by BCCI Holdings, has not been shut down because the Colombian authorities consider it solvent and independent of BCCI's head office, writes Sarita Kendal in Bogota.

For the moment the bank continues to operate normally.

"This bank is a going concern and has the support of its clients," said Mr Mazher Zuberi, associate president of BCCC.

In terms of capital and reserves the BCCC ranked 13th of Colombia's 24 banks at the end of 1990. During the period when the US and other banking authorities were investigating BCCI's links to money-laundering operations by the Colombian drug cartels, there was no formal investigation of BCCC's operations in Colombia.

According to Mr Zuberi, BCCC could be sold in the local market.

● WITHDRAWALS from BCCI's 49 per cent-owned Egyptian affiliate have been running at five times the normal rate over the past three days. BCCI said customers had withdrawn E£48m (£8.94m).

● THE operations of BCCI in the Cayman Islands, Jamaica, Trinidad and Tobago and Barbados have been closed by local central banks, writes Canute James.

The Cayman office of BCCI is the headquarters for the branches in other countries in the region. The Caymanian authorities called in liquidators immediately after the Bank of England announced the suspension of BCCI's operations.

Mr PJ Patterson, Jamaica's finance minister, said the closure of the local branch would allow "a true listing of assets and liabilities, so as to ensure that behind the figures are real and realisable assets".

BCCI's Jamaican branch has assets of J$305.7m (£18.8m). There was no indication yesterday about the position of the Jamaican government's debts of $34.13m to BCCI, borrowed to settle obligations to the IMF.

"It is not yet possible to say if and when the Barbados branch will re-open its doors," said Mr Kurleigh King, governor of the Central Bank of Barbados. Deposits with the Barbados branch of BCCI totalled B$67m (£20.4m) on July 5. There is no deposit insurance coverage.

In suspending BCCI's operations in Trinidad and Tobago, the central bank said it was following the action "taken by regulators in other jurisdictions, which is likely to affect adversely the operations of the local company".

● MONETARY authorities in West and Central Africa have ordered the closure of most local branches of BCCI. Branches in Cameroon, Congo, Ivory Coast, Senegal and Sierra Leone were all closed by Tuesday.

But BCCI's biggest affiliate in sub-Saharan Africa, the 48-branch network in Nigeria which is 60 per cent locally owned, was operating with backing from the central bank in Lagos.

In Sierra Leone the central bank said it was taking control of BCCI business until further notice. The same message was issued by the finance ministry in Ivory Coast, which called for "calm and discipline".

The Gabon branch was closed on Monday but in neighbouring Cameroon the decision was delayed until Tuesday, giving depositors a day to try to extract their money.

Ghana's central bank said in a statement on Tuesday that it had assumed control of BCC Ghana, which is 75 per cent owned by BCCI.

Hundreds of customers stormed the bank in Accra on Monday and Tuesday morning.

● THE Bureau of Monetary Affairs has sent a notice to local banks to take measures to protect their claims against BCCI.

Mr Chen Chung, deputy director, said the government had sent the notice to all 16 foreign exchange-designated banks to take precautions to prevent losses. He said some local banks had deposited money with BCCI and some possibly had small foreign exchange dealings with it or transactions on letters of credit. He gave no details.

● THE South Korean Justice Ministry on Wednesday banned high-ranking officials of the Seoul branch of BCCI from leaving the country, a ministry spokesman said.

Those not permitted to leave included three Korean and four foreign executives of the bank which was ordered to suspend operations last Monday.

● MR David Carse, Hong Kong's banking commissioner has sent two representatives to Luxembourg to discuss the sale of BCCHK with the liquidators of BCCI, following several expressions of interest from banks in Hong Kong and South East Asia in buying the Hong Kong operation, which has 30 branches and 40,000 depositors.

BCCHK was closed by the commissioner on Monday.

Sir Piers Jacobs, financial secretary, also ruled out using Hong Kong's exchange fund which performs some central banking functions, to rescue the bank because in this case, BCCHK's closure posed no threat to the stability of the Hong Kong dollar.

● THE People's Bank of China, the country's central bank, has taken over the local branch of BCCI in the southern city of Shenzhen.

The Beijing-funded China News Service, monitored in Hong Kong, quoted officials at PBOC's Shenzhen branch as saying the decision was made after the bank's parent was closed by authorities overseas.

UK ESTABLISHMENT LINKS

Lines that led to corridors of Westminster

By Jimmy Burns

A SMALL influential group of British establishment figures including two former junior ministers yesterday explained their links with the Bank of Credit and Commerce International.

They follow Lord Callaghan, the former Labour prime minister, who at the weekend described Mr Abedi as a man of "deep moral concern". Mr Abedi paid part of the salary of one of Lord Callaghan's researchers during a project in the Third World.

Mr Julian Amery (Conservative, Brighton), son in law of Harold Macmillan, said he had been introduced to BCCI's founder Mr Agha Abedi through a long standing friendship with Sheikh Zayed.

Soon after Mr Abedi came to London in 1971 to set up his headquarters, Mr Amery was asked to become an adviser to BCCI.

Mr Amery recalled yesterday: "Abedi asked me if I'd like to join the board and I said I knew nothing about banking, it wasn't my speciality and I couldn't accept that kind of responsibility. Then he asked me if I would be an adviser and I said 'Yes, that's all right'."

Mr Amery, who is a former minister of state at the Foreign Office, would not disclose how much he had been paid by BCCI for advising Mr Abedi on international affairs at informal lunchtime meetings at the MP's house or at the bank.

In turn, Mr Amery found that Mr Abedi knew "a lot about what was going on on the Middle East and his ideas were interesting to me on the political side".

Another junior minister taken on as an adviser on a unspecified retainer by BCCI was Sir Julian Ridsdale (C, Harwich), who served at the Ministry of Defence in the 1960s.

Sir Julian's links with BCCI began in the early 1980s when he joined two other senior British public figures who interceded on Mr Abedi's behalf.

On the occasion – Sir Julian could not recall the precise date – Mr Abedi was stopped at Heathrow airport by immigration officials, Mr Abedi contacted another adviser to BCCI, Lord Keyes, who rang Sir Julian who in turn contacted the then home secretary, Lord Whitelaw.

"Willie helped me get him (Abedi) through", Sir Julian said yesterday.

Lord Whitelaw said yesterday that he had "absolutely no memory" of the incident but that "if Julian Ridsdale said I did I obviously must have". The incident was confirmed last night by Lord Keys.

After Abedi had successfully cleared UK immigration, he asked Sir Julian, who is chairman of the British-Japanese parliamentary group, to help him set up a BCCI branch in Tokyo.

Sir Julian recalled: "I go to Japan a lot. I know a number of people in the Ministry of Finance. I told them that BCCI would like to set up a branch and it happened."

When BCCI was linked to allegations of money laundering in 1988 he was urged by members of his family to resign as an adviser but didn't. Sir Julian, whose travel expenses to Japan were covered by BCCI, dismissed the allegations as an "incident" and put his trust in Sheik Zayed's reorganisation plans.

"I was hoping that the presence of Sheik Zayed was going to get them over their financial problems," Sir Julian said.

Among the few advisers who claimed yesterday to have cut their links with BCCI from an early stage because of disagreement was Sir Frederic Bennett, the former Conservative MP for Torbay.

Sir Frederick said BCCI had sought his advice on where to open new branches in the world. He had endorsed BCCI's decision to extend its interests to China but fell out with the bank over Gibraltar.

His advice to BCCI was to establish itself in the British colony in a joint venture with a more established UK bank. BCCI decided to go it alone.

DEFENCE POLICY

Parties clash over nuclear deterrent

By Ivo Dawnay, Political Correspondent

THE BROADEST hint yet that the Labour opposition party would retain Britain's nuclear weapons capability until all countries agreed to disarm was greeted with fresh Tory scepticism yesterday.

An effort by the Labour leadership to neutralise the growing Tory attacks merely provoked Mr Chris Patten, the conservative chairman, to claim it continued to dodge the issue of whether it would keep the weapons if the Soviet Union retained them.

The new row came in a day that saw fresh outbreaks of skirmishing on a range of issues, with Labour defending its tax and national minimum wage policies in a party political broadcast and Mr Neil Kinnock, the Labour leader, launching a sustained attack on Mr John Major.

It began with a statement on defence by Mr Gerald Kaufman aimed at rebutting Tory charges that Labour might agree to surrender Britian's nuclear capability before the Soviet Union fully disarmed.

In a newspaper article Mr Kaufman said the UK should "remain a participant" in disarmament talks until they are successfully concluded with agreements by all the nuclear powers to eliminate their weapons.

But while lobbyists at the Campaign for Nuclear Disarmament said this suggested Labour would retain the Trident deterrent indefinitely, the Tories said the position remained unclear.

In a public letter to Mr Kaufman, Mr Patten said that participating in disarmament talks did not necessarily amount to a commitment to maintain the deterrent.

"Will you finally confirm this: yes or no?," the Tory chairman wrote.

Senior Labour officials said, however, that the careful wording of Mr Kaufman's article came after high level discussions within the party leadership as to how to tackle the Tory assaults.

Aware of the strong unilateralist sentiment still pervading large sections of the party, Labour is understood to have held back its response until after the closing date for resolutions to be submitted for debate at next September's party conference.

Last month, Mr Martin O'Neill, Labour's defence spokesman, made clear that a Kinnock government would reserve the right to review its decision on cancelling a fourth Trident submarine in order to peruse the penalty clauses that might be incurred.

In Blackpool, Mr Kinnock used a speech to the Transport Union conference to launch a sustained attack on Mr John Major. Accusing the prime minister of inaction in the face of the recession, he warned that nowhere did the government offer "any positive means" of escaping the economic slump.

Labour also went on the offensive over Tory criticisms of its tax and wage policies. In a party political broadcast, Mr John Smith, the shadow chancellor, gave a firm undertaking that those earning below £20,800 a year would not suffer any tax increases.

● As Europe moves towards a single market in insurance, UK insurers are likely to find themselves at a grave disadvantage as a result of uneven tax treatment, a Lords select committee report warns.

The report, published today, says the issue is likely to become a matter of great concern to the UK insurers.

In a number of European countries insurers receive far more generous tax treatment of the reserves they set aside to meet future losses than they do in the UK, the report says. In particular, insurers in several countries are allowed to establish catastrophe reserves against possible future losses which they can offset against taxable income.

Dog racing provides sorry tale

By Ralph Atkins

"A pleasant meal or a drink in attractive surroundings combined with the excitement of the races themselves can provide an entertaining evening out," a high-powered group of MPs concluded yesterday.

The Home Affairs select committee had not just returned from the camel races in Dubai or the trotting tracks at Vincennes in France, but the greyhound racing at Catford, south London.

The full might of parliamentary scrutiny – including 106-pages of evidence – has uncovered problems in an industry which involves trained dogs chasing a mechanical rabbit around dirt-track stadiums.

Off-course betting has raced away in the last five years but the MPs found that attendances had fallen dramatically.

The politicians urged track owners and bookmakers to enter negotiations "on a level playing field" to help save the sport.

Ballyregan Bob, a champion with record wins, races to another victory in a sport which MPs fear is under threat.

Overseas bases to bear brunt of British troop reductions

By David White, Defence Correspondent

MR TOM KING, the defence secretary, yesterday told MPs that the bulk of troop reductions planned for the British Army would be achieved by withdrawal from overseas bases.

Speaking to the House of Commons defence committee, Mr King said almost all the planned 40,000 cut in army manpower would come from a reduction of 30,000 in the British Army of the Rhine and withdrawals from Berlin and Hong Kong.

His appearance before the committee, which questioned him for more than an hour, follows the publication on Tuesday of a new policy document on defence.

Mr King avoided being drawn into a direct exchange on the number of infantry battalions, the central issue on which he is under pressure both from army chiefs and from fellow Conservatives.

He eagerly agreed on the need for an early announcement on details of army cuts.

Mr John Lee, a Conservative member of the committee, asked Mr King if he would feel obliged to resign if he felt financial resources were inadequate for Britain's defence. Mr King retorted: "I do not think I have to demonstrate my commitment to this country."

In answer to a challenge from Mr Winston Churchill, another Conservative MP, Mr King said there would be "very little reduction indeed" in UK-based armed forces. "I am not here to see the defences of this country out at risk," Mr King asserted. His responsibility, he said, was to "make the very best use of the resources that we have" and emphasised the "expensive demands" of new technology.

Mr King confirmed that the defence budget provisions agreed with the Treasury for

the next two financial years would be reviewed in the forthcoming public expenditure round.

MPs criticise officials over Trident safety

THE Ministry of Defence (MoD) was criticised yesterday for complacency over the safety of the Trident nuclear missiles due to be deployed on British submarines from the mid-1990s, writes David White.

The House of Commons defence committee accused the MoD of being "unhelpful" in its evidence following allegations of possible safety weaknesses in the Trident D5 weapons as designed for the US. The UK will obtain Trident missiles from the US but use British nuclear warheads.

"The ministry's bland assurances combined with apparent attempts to deflect attention from the issue compare poorly with the candid and active response of the US authorities," the committee said in its latest report on Britain's £9.86bn Trident programme.

It cited a report to the US congress last December by a panel of scientists, which expressed concern that the propellant in the missile's third stage might detonate, in turn detonating the high explosive used in the nuclear warheads.

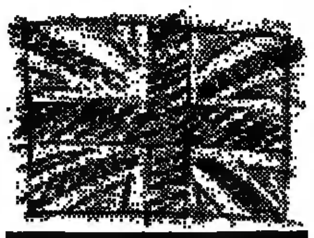
The ministry told the committee in written evidence it agreed with the US authorities' assessment that this was "not a credible accident scenario" and that it could "be disregarded".

The committee said that even if the likelihood was very slight it should not be dismissed without detailed research.

● Two men who tried to sell a stolen part from the Trident nuclear submarine to the Russians for £2m have been jailed for 15 months.

Joseph Wilson, a former guard at the Vickers shipyard in Barrow-in-Furness, Cumbria in north west England, and Arthur Price, a taxi-driver, were jailed yesterday at Preston Crown Court for making damaging disclosures in breach section 2 of the Official Secrets Act. Both had pleaded guilty.

BRITAIN IN BRIEF



Leon Brittan defends steel decision

Sir Leon Brittan, the EC competition commissioner, told MEPs from the British opposition parties that he had no reason to try to stop the closure of British Steel's mill at Ravenscraig in Scotland. One of them had suggested that British Steel was abusing its dominant position in Britain by insisting on closing the profitable Ravenscraig plant down, rather than putting it up for sale to a competitor who might keep the jobs going.

New focus for fraud probes

The Serious Fraud Office has cut back on the range of its investigations and is focusing instead on a small number of large and complex suspected frauds, according to figures in its annual report.

The number of cases under investigation by the SFO, which was set up in 1988, dropped to 19 last year from 32 the year before.

Of the 44 cases referred to the SFO in the year to 4 April, 14 involved more than £10m – up from nine the previous year.

Office pollution causes sickness

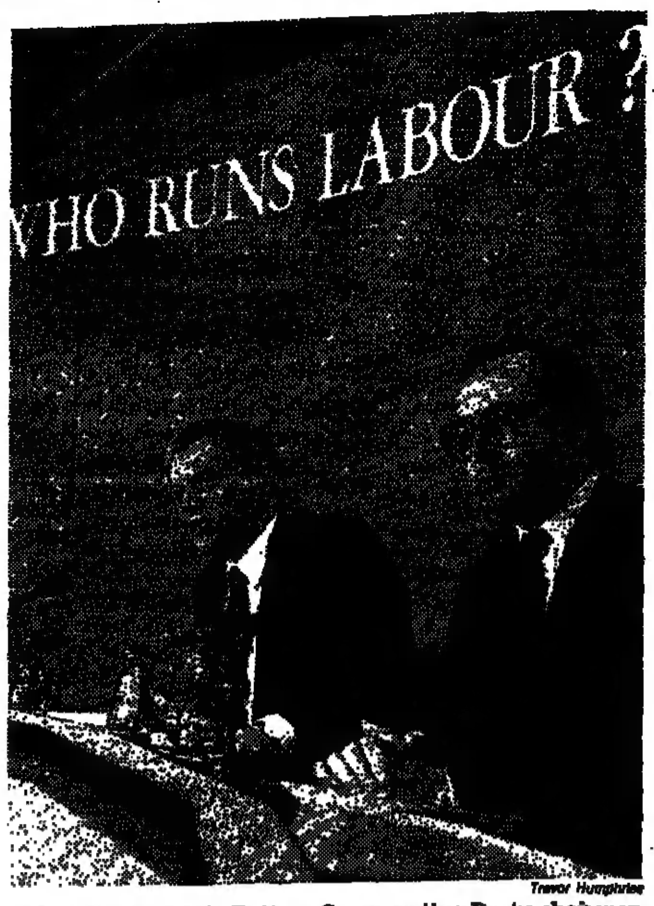
Strong criticism has been levelled at the government and the Health and Safety Executive for paying too little attention to sickness and allegies caused by office air pollution. The House of Commons environment committee has called on the government to commission a wide-ranging review of indoor air quality including guidelines on the segregation of smokers.

"It is no good keeping minds and bodies fit if the majority of time is spent in an environment which creates lethargy, lassitude, headaches or upper respiratory tract infections," the committee said.

Unit trusts may buy gold

The Securities and Investments Board has changed its mind about permitting mutual funds to invest in physical gold and from next week two new types of unit trusts will be able to buy gold worth up to 10 per cent of the value of their funds.

An SIB official said that Futures and Options Funds (Fofs) and Geared Futures and Options Funds (Gfofs) would be able to develop gold investment from July 15 and market the new portfolios to the public in September.



Trevor Humphries

Union power: Chris Patten, Conservative Party chairman (left) and Michael Howard, employment secretary, claimed that trade unions now sponsored a higher proportion of Labour MPs than at any time since 1935. Mr Patten also said that Labour was "owned lock, stock and barrel by the trade unions". Labour hit back with Neil Kinnock, party leader, saying he had been a member of the Transport and General Workers Union for 30 years, and praised its role in forming party policy.

Success for Welsh plan

The three-year-old programme to revitalise the economic and social life of the South Wales valleys had been a great success, Mr David Hunt, Welsh secretary, has said. It had given the valleys' communities an impetus to make headway as soon as the economy started to pick up.

Drinks jobs to be axed

International Distillers and Vintners is axing its national drinks wholesale operation with the loss of 450 jobs nationwide. The cuts affect the company's Essex base and centres at Daventry and Scotland.

Research chief appointed

The Ministry of Defence has appointed a senior figure from the computer services industry to head its new Defence Research Agency. Mr John Chisholm, 44, is to be seconded from his post as UK managing director of Sema, the Anglo-French software and systems group.

Countryside protected

Proposals to release large sections of green belt for development of housing, industry and business parks in and around the historic city of Chester have been overruled by Mr Michael Heseltine, the environment secretary.

The decision was hailed by the Council for the Protection of Rural England as a major victory for conservation.

Engineers remain gloomy

Nearly a third of senior executives in the UK engineering industry see no sign of an end to the recession, and another 25 per cent predict the recovery will not start until early next year, according to a survey in The Engineer magazine.

BBC postpones £175m HQ

The BBC is postponing construction of a new £175m headquarters for news and current affairs and will instead spend more money on programmes. BBC Enterprises, the commercial division, also announced sharply reduced profits.

Prudential sales staff in dispute

Sales staff at Prudential, the UK's biggest life insurer, have begun industrial action over alleged breaches by the company of conditions attached to a restructuring of the 14,000-strong sales force.

Partner sought for airport

Coventry City Council is to seek a private sector partner to share in the ownership and development of Coventry Airport. It will draw up a short list of candidates, from which a partner will be selected, by the end of the summer. Coventry Airport is the second in the Midlands to be considering a change of ownership: Derbyshire County Council is planning to sell its stake in East Midlands Airport.

Government agency faces closure threat

By David Owen and Ivor Owen

THE government is considering shutting the Property Services Agency (PSA), the largest remaining department in Whitehall, as a more cost-effective alternative to selling it to the private sector.

The PSA is responsible for the design, management and maintenance of government buildings and military bases at home and overseas. As of April 1, the department employed 19,500 people – or about 5 per cent of all the officials in government administration.

The government's thoughts emerged in a leaked letter from Mr Francis Maude, Financial Secretary to the Treasury, to Mr Michael Heseltine, Environment Secretary.

Dated June 3, the letter referred to the possible managed closure of both PSA Projects and PSA Building Management, the department's two principal divisions.

Managed closure "may well be a more cost-effective solution from the government's point of view than attempted sale," the letter stated. It referred to the desirability of firm decisions being reached in "say, September."

The emergence of the letter, which also mentioned the likelihood of "a large dowry" being attached to any bids that came forward, prompted sharp exchanges in the House of Commons yesterday, with Mr Heseltine replying to an emergency question from Mr Clive Soley, the Labour politician.

Any dowry involved in disposing of the PSA would be associated with safeguarding the redundancy pay of workers who lost their jobs, Mr Michael Heseltine said.

He brushed aside a demand from Mr Dale Campbell-Savours, the opposition Labour party MP, for assurances that there would be no breach of European Community rules through the offering of "sweeteners" similar to those which played a part in the Rover sale to British Aerospace.

The government first announced that it intended to privatise the PSA in 1989, with the move planned for the second half of 1992.

Since then, the numbers employed by the department have fallen rapidly and are slated to dwindle by a further 3,000 by next April. The cutbacks have been made in response to its declining workload: government departments have been under no obligation to use the PSA since April 1990.

Annual report
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Shadows fall across path to privatisation

David Owen and Vanessa Houlder *outline the options on the future of the PSA*

THE government has essentially two options left in privatising the Property Services Agency (PSA).

Either it can shut the largest remaining department and have the services it provides performed in-house by ministries or by the private sector. Or it can sell PSA Projects and PSA Building Management, the department's two principal remaining divisions, together or separately to private buyers.

Both prospective paths are fraught with difficulty.

If the first option is chosen it is hard to see how the government could avoid a damaging political row at the prospect of thousands of civil service redundancies. This would be despite the fact that some of those laid off could reasonably expect to be hired by the private companies or other entities which would be contracted to absorb the PSA's workload.

A variety of services to Ministry of Defence and other government sites are already supplied by the private sector.

Ministers would also face the problem of managing the wind-down process efficiently and cost-effectively.

As the letter from Mr Francis Maude to Mr Michael Heseltine stated: "There are risks that if closure were implemented too quickly, or without sufficient planning, substantial additional costs could fall on the government."

As an example of these risks, the letter cited the prospect that "key staff" would leave once a decision to close was announced, possibly leading to "expensive disruption to existing work."

"Moreover, there could still be a substantial rump of work on individual projects left outstanding when the period to closure - of two years, say - came to an end," the letter added.

If the sell-off route is chosen, the main problem facing the government would be to make the PSA divisions attractive to prospective buyers.

This would be no easy task. A discussion paper on the agency prepared by one private company in the services sector concluded that "with no 'bottom line' culture and inadequate accounting systems, PSA would most likely run at a substantial loss in a competitive environment on a normal commercial accounting basis."

Once again, Mr Maude's letter with its reference to the need for "some level of guaranteed workload" to "enhance the prospects of a successful disposal" of PSA Projects indicates that the government recognises that interested bidders may be thin on the ground.

Even if all other problems were successfully dealt with, "there remains the likelihood that there will be a large dowry attached to any bids that come forward," the letter states.

The PSA's poor reputation is not confined to prospective buyers. For most of its recent history, it has been a byword for inefficiency and bureaucracy, for which it has come under heavy fire from parliamentary committees.

The PSA has also been criticised for inadequate management information systems, insensitivity to the needs of conservation and the wasteful use of the estate.

This reputation made it a prime target for reform by the Conservative government, even before its privatisation was announced by Mr Chris Patten in 1989.

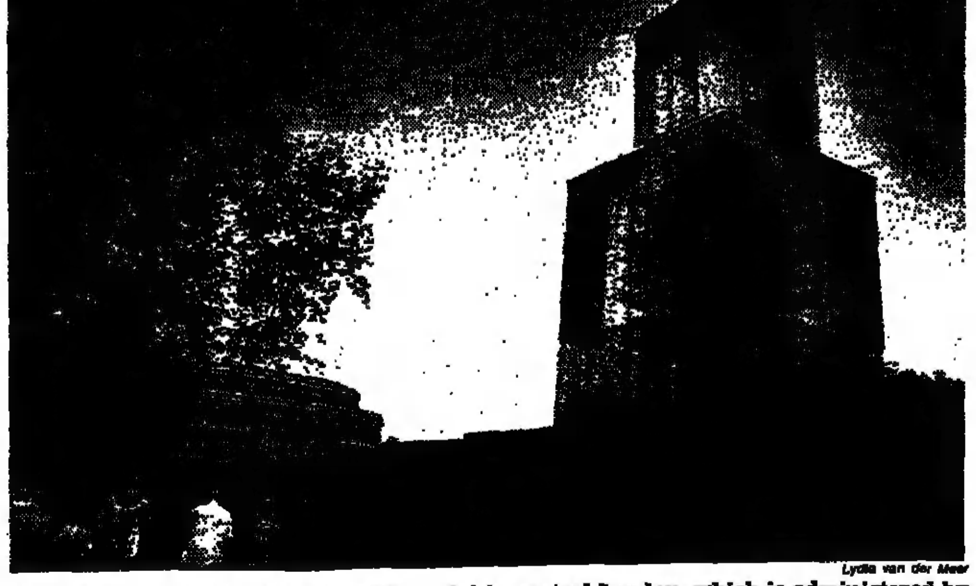
A year earlier, Mr Nicholas Ridley, the former environment secretary, promised to make the agency "a commercial organisation".

At that stage, the PSA provided and maintained all government buildings in the UK and military facilities overseas.

It had an annual turnover of more than £3bn and a workforce close to 27,000 (which had dropped to 19,532 by this April).

In 1988, two fundamental reforms were introduced: the responsibility for the costs of building projects passed from the PSA to government departments and departments were given the right to employ the services of the private sector rather than the PSA. In addition, the PSA was given the target of producing full commercial accounts.

The PSA was also reorganised into two main divisions, building management and project management, and two smaller divisions which provide specialist services to other divisions and overseas properties. In October last year, it was decided to merge the specialist service with the project division prior to the sale.



Lydia van der Meer

Shrouded monument: the Albert Memorial in central London, which is administered by the PSA, is currently undergoing a major programme of restoration

Property values of UK Crown Estate fall

By Vanessa Houlder, Property Correspondent

THE value of the Crown Estate, the property owned by the Queen, fell by 12.8 per cent to £2.08bn in the year to March 31 1991.

The fall has been blamed on the slump in the UK property market.

Revenue from the estate, however, which includes 250,000 acres of agricultural land and large amounts of London property, increased by 16 per cent to £63.9m. After deducting management expenses, the surplus revenue is paid to the Exchequer, which received £61m, up from £55m.

The size of the Queen's fortune has aroused controversy recently, following last week's the bid last week by Mr Simon Hughes, the Liberal Democrat, to introduce legislation to tax the Queen's income.

Lord Mansfield, First Commissioner and chairman of the Crown Estate, emphasised that the estate's revenue went was handed to the Exchequer parliament in exchange for the Civil List – the state income paid to the royal family each year.

The origins of the Crown Estate go back to King Edward the Confessor and since the reign of King George III, the surplus revenue has been surrendered to parliament.

Romeo and Juliet

COLISEUM

The Dutch National Ballet returns to London this week after a seven year absence. One work is on offer: Rudi van Dantzig's *Romeo and Juliet* in a newly revised production which marks van Dantzig's retirement as artistic director. A decade ago I reported on this staging as given by the Royal Winnipeg Ballet in a much reduced version, whose very simplicity seemed a merit in imbuing the tragedy with a clear narrative impulse. Under the much grander circumstances of Tuesday's opening performance, the stage boiling with crowds, fights and processions, Veronese passion in careful costuming, and a cohort of hyperactive tots, I found myself wondering what the Dutch had to hide. The answer, I suspect, is Shakespeare's tragedy.

This is a conscientiously worked-out presentation whose fatal flaw is to be dull. It offers all the externals of a big, opera-house-sized account of Prokofiev's score – treated far too reverentially: some cuts would be welcome in a long evening – without the young lovers' strong heart-beat to tell us of headlong, hapless emotion. It is as if van Dantzig *did not* trust the play to sweep the dancers – and us – along. Everything that care, and a lively social conscience, can do to frame the tragedy, is provided by van Dantzig. There is a handsome design by Toer van Schayk to house Verona's warring factions. A gratuitous "rich and poor" subtext in the crowd scenes – with a Dickensian thread of interest about an orphaned mite and his widowed mama to remind us that Life can be Awfully Cruel – is enlisted to enhance the drama. There are also curious moments, as when Juliet returns with Friar Lawrence's potion to find her bedroom still rocking with flaring Capulet tempers, so that she places the bottle ("I've just been to the chemist for some aspirin") on an obligingly-placed altar-piece before joining the family brawl.

Yet despite van Dantzig's care, and perhaps because of his desire to create a panorama of Renaissance society, the lovers too often seem cyphers. The fault lies in part with a choreographic language which is prosy, unadventurous. Juliet and her Romeo are trapped by physical predictabilities, identified by physical leitmotivs of no great interest. As the music surges to its most ecstatic moments in the balcony duet, that ancient bore the Nurse irrupts onto the stage to remind us of the plot. The bedroom duet looks as if the couple had spent the night playing snap, so little does it convey of passion consummated.

I found Jane Lord, the first night Juliet, clearly gifted. The girlishness of the opening scenes did not suit her, but once the emotional die had been cast, Miss Lord drew the lines of the action and the dance with commendable directness and assurance. Her Romeo, Barry Watt, was decent in everything, but impetuous passion was in short supply. His most vivid moments came in the duel with Tybalt, where Clint Farha's bravado provided an excellent foil. The ensemble was lively, disciplined, in classic style. The Dutch Ballet orchestra, under Jac van Steen, gave a serious, musicianly account of the score. The season continues to the end of this week with three different casts.

Clement Crisp

CINEMA

The Western reinvented for women

THELMA AND LOUISE
Ridley Scott

HENRY, PORTRAIT OF A SERIAL KILLER
John McNaughton

NOCE BLANCHE
Jean-Claude Brisseau

ANDREI RUBLEV
Andrei Tarkovsky

Murder, theft, kidnapping a police officer, speeding, armed robbery, blowing up a truck, attempted double suicide. Are there any other charges the defendant would like taken into account?

If the enormities depicted in *Thelma And Louise* were laid end to end – and some adverse American critics have attempted to achieve that with poleaxeing prose – they would stretch all the way from MGM studios, where the film was financed, to the Burbank offices of British film-maker Ridley Scott, who directed it.

Yet – stifle your incredulity – this is a happy film. Cinema being a law to itself, the tale of two truant women hightailing into the desert for a weekend and finding the weekend stretching into a short but vibrant lifetime (with the cops led by Harvey Keitel pursuing them for murder and the rest) is shocking, funny and exhilarating.

Chief reason is that debut screenwriter Callie Khouri has found the perfect character recipe. Redheaded Louise (Susan Sarandon) is a fortyish waitress bruised by life and love. Her blonde friend Thelma (Geena Davis) is a timidly self-assertive housewife, tired of being walked over by her preening, macho husband. And the third main character is Louise's Thunderbird car, a large white crocodile with a weathered grin, which ferries them towards the American dream after first stopping off for an American nightmare.

In the car park of a roadside honky-tonk bar, Thelma is all but raped by a redneck customer; whereupon Louise takes out a firearm and shoots him dead. Seconds later the couple are sashaying through vision-blurring rainstorms, their moral world as crazed as the passing car-lights that dance water-distorted through their windscreen. Hours later they are emitting silent screams when Thelma loses their only nest-egg to a handsome swindler. Days later – but we have now lost track of time since the film has become a transcendent blend of mirth and myth – they are pounding through the red-toothed canyons of the West towards to that outlaw asylum that few movie hero(in)es ever reach, Mexico.

Yes, this is a feminist road movie. But no, it is not the essay in reverse machismo many pundits claim, as the film storms one magazine cover after another in the US, including *Time*. *Thelma And Louise*'s feat is to have re-invented the Western for the age of female pride and four-wheel transport. Where the last film hailed as a genre-reviver, *Dances With Wolves*, was ethnographical calendar art – turn each page and you find a new picture of Kevin Costner going native – Ridley Scott creates a furious and lyrical movie-ballad.

His two heroines are not female saints with a ready-made mission but muddleheads swept along by instinct and passion. And though the milestones they pass are mythic American landmarks in disguise – the young boy who steals their money is a James Dean lookalike, the storekeepers they hold up could be *Bonnie And Clyde* survivors, the rock-pinnacles they drive through are veterans of John Ford's Westerns – Scott's film never pauses like Costner's to gaze lovingly at its own allusive reflection.

We always knew that Ridley Scott was more than just an interior decorator trained in Hell (see *Alien*, *Blade Runner*, *Black Rain*). What we never knew was that he could direct actors. Susan Sarandon and Geena Davis perform as if someone has inserted fireworks in their souls and lit the blue touchpaper. While Sarandon blinks her falcon eyes and emits raw and reasoned cries at life's amazements, Davis alternates a dazed mezzo affectlessness with sudden, delirious squalls of soprano panic.

This Bonnie and Bonnie search for a weekend of freedom only to finds that the pursuit of freedom lasts, and may outlast, a lifetime. "Life, liberty and the pursuit of happiness" may be written into the American Declaration of Independence. But sometimes you have to sacrifice the first to discover the second; though the third can keep appearing in strange moments and places, such as throughout the 129 minutes of this film.

★

Murder, theft, breaking and entering, blinding, corpse-dismemberment, incestuous rape. Has the week's second defendant anything to say on his behalf? He is Henry, *Portrait Of a Serial Killer*, directed and co-written by John McNaughton.

Many of you concerned citizens out there are probably waiting for me to deliver a jeremiad against violence in modern cinema. But this grim, grainy murder story, about a young man (Michael Rooker) with a killing compulsion and the brother-sister couple he falls in with, is the week's second American masterwork. "Inspired" by the story of real-life murderer Henry Lee Lucas, it trundles along that famous non-scenic railway called the Banalityofevil Line.

Few things are less palatable to excitable moralists than the notion that major criminals can be minor-interest human beings. What, no twirling moustaches, no forked tail tucked into the Y-fronts? Yet the chill of John McNaughton's film is its ordinariness. Henry, out of prison after a sentence for matricide, is a stocky blank-faced young man with a clumping walk and matching clothes-sense. (His trousers have long given up trying to reach his shoes). Henry's ex-convict friend Otis (Tom Towles) is a seedy wastrel who joins his pal in evenings of casual murder with camcorder verification. And Otis's sister Becky (Tracy Arnold) is a parody of "romantic interest": a pasty blonde who looks as if she majored in Thoreau's quiet desperation.

Scenes bumps into scenes, less like a seamless Hollywood movie than a series of collisions in a narrative shunting-yard. The film's artful gaucheness saves it from prurience and gives the story its ghastly sense of godlessness. Yet beneath the non-interventionist style there is a wealth of symbolic or motivic detail. A lurid pastel-neon shop sign anticipates the film's last and vilest murder: "Rose Exterminator." And the barbarism of the killers' late-developing love of recording their murders is prefigured in the scene where they crown a TV-dealer victim with one of his own sets. "Turn it on" says Henry to Otis, whereupon the hi-tech helmet fizzes obscenely around the dead man's head.

Made six years ago for a shoestring film and video company in Chicago, *Henry* languished on the shelves before it took its first, feted bows on the American festival circuit. Since then it has been championed by everyone from Errol (*Thin Blue Line*) Morris to Martin (*Goodfellas*) Scorsese, in the teeth of the usual howls from censorshop lobbies.

The acclaim is justified: the outrage is perversely understandable. It is hard to think of a film that, while gloating so little over the evil it portrays, holds back so firmly from offering spurious morals or cures. At once blank of tone and brilliantly believable, *Henry* is a film about an affectless killer that has the nerve to adopt a matching affectlessness of style.

★

No one is murdered in Jean-Claude Brisseau's *Noce Blanche*, although at times the audience looks around for a blunt instrument. How else to deal with this tiresome fiftyish philosophy teacher (Bruno Cremer) who has developed an amour *fou* for an even more tiresome 17-year-old schoolgirl (French pop star Vanessa Paradis)?

It can come to no good; and sure enough Prof Cremer and the girl are eventually caught *in flagrante* one day by about 30 goggling schoolchildren. The inevitable happens. He is, says an over-voice, "hastily dispatched to Dunkerque": obviously the Ultima Thule of the French education system. By curtain-time the press show audience is weeping helplessly into its hand-outs, begging for the tale's idiocies to stop.

Why this galumphing Gallic *Lolita*, ill-scripted and drably directed, was imported to Britain is beyond me. Better to visit Andrei Tarkovsky's 25-year- old *Andrei Rublev*, revived at the Renoir. In 15th century Russia under the rule of the Tartars, an ageing icon-painter and a young bell-maker reach across the chaos of battle to rebuild the human spirit. Action, spectacle, poetry and thought: the cinema can offer no more.

Nigel Andrews

Feminist road movie: Susan Sarandon and Geena Davis in 'Thelma & Louise'

Cross References

THEATRE UPSTAIRS, ROYAL COURT

Cross References is an ground-breaking joint initiative by the Royal Court, the National Theatre Studio and the London international Festival of Theatre to move the frontiers of commissioning forward on to international territory. Seven writers were signed up to produce 30-minute pieces, of which the best four are now being presented in rotation at the Theatre Upstairs.

The point was to create a dramatic snapshot of the times, giving writers from different continents a chance to air the issues that are most important to them. The first night offering was a slight and elliptical playlet *Putting Two and Two Together*, in which the Argentinian Griselda Gambaro mourns her country's lost children through the banter of a man and a woman adrift on a dinghy after a shipwreck. Contributions are still to come from South Africa, Bulgaria and the UK.

In the event, the commissions merely serve as curtain-raisers to the main offering, Ariel Dorfman's magnificent *Death and the Maiden*, which sneaked into the country from Dorfman's native Chile via readings of banned plays at the ICA.

This is one of those rare plays which, with the limpid simplicity of classical myth, seem to grasp the pulse of the century. A rising star of a newly democratic government accepts help at the roadside from a doctor who turns out to have been his wife's torturer 15 years earlier. Recognising his voice, when he drops by one night, she holds him at gunpoint, while trying to force her husband to believe in the guilt of this good and plausible Samaritan.

Paulina is a nervous wreck desperate to be believed and exorcised; her husband, a lawyer who is heading an inquiry into the atrocities of the previous government, stands for a systematic coming-to-terms with past evils. Their dilemma – and it would be hard to find a more moving or eloquent expression of it – is their society's need to confront its past while turning a civilised face to the future.

Lindsay Posner's production is clear and tense, with a trio of performances that seem to rattle the foundations of the Court. Juliet Stevenson packs an almost unbearable power into her portrayal of a torture victim whose sanity rests on her society's ability to comprehend her horror story.

Bill Paterson, as her husband, offsets her torment with a beautifully contained portrait of compassionate scepticism. The possibility that she may, in her hysteria, have identified the wrong man is preserved through the anguished dignity of Michael Byrne, the ordinary professional who, in a confession of glaring hideousness made on a blackened stage, admits to having succumbed to a communal madness.

The setting is present-day Latin America, but it could equally be post-war Europe. One reels out of the theatre wondering how on earth such a seering and significant play could have been relegated to the Theatre Upstairs; its promotion to the main stage at the Court would be a triumph of Cross-Referencing.

Claire Armitstead

Alastair Muir

Juliet Stevenson and Michael Byrne

Telling Tales

KING'S HEAD THEATRE, ISLINGTON

There is an exceptionally good show currently running at the King's Head Theatre in Islington. Initially, I thought that *Telling Tales* would be full of Jewish sentimentality, but I could not have been more wrong.

There is sentiment, to be sure, but no *schmalz*, and a great deal else besides.

Telling Tales is not a play, but more a series of sketches. The title is remarkably accurate. There are about 10 tales altogether and each is in its way "telling" in the sense that it has a twist. But it is by no means a simple moral. Almost every tale, especially those involving a rabbi or God, is full of ambiguity and open to all sorts of interpretations.

These could be stories about any people anywhere and completely transcend Jewishness.

Take, for instance, the tale about the crown prince who is convinced that he is a rooster. The only way to get him out of his predicament is for someone to join him who claims to be a rooster, too. Is this because the crown prince is different, or lonely, or Jewish, or what?

There is no answer, except that it could happen to anyone. It is a compelling piece of theatre which you will remember long after bigger plays have been forgotten.

Then there is the story of the wicked tiger who wants to eat the person who lets him out of his cage. The question is posed: how can harm be done in return for good? It involves consulting a rabbi and the answer is not clear-cut. But again the search for explanations is immensely diverting.

So is the acting. Watch the movements of the tiger: he is a very human beast.

The show comes from the Besht Tellers Troupe which recently toured the Soviet Union doing the same piece in Russian. One can appreciate why it was a terrific success.

At the King's Head it is in English. There are only two actors, Robbie Gringras and Danny Scheinmann, who are superlative throughout. There is pathos, humour and music and the audience frequently joins in. *Telling Tales* is directed by Rebecca Wolman: it would take a most peculiar personality to fail to enjoy it. Its run has been extended until August 18.

Malcolm Rutherford

Platform 1

ARTS THEATRE

There is no arguing with the good intentions behind the "new music event for July 91", which the pianist Joanna MacGregor and conductor Alasdair Nicolson have organised this week around Leicester Square. Sponsored by Collins Classics and *The Wire* magazine, Platform 1 sets out to plug a little of the summer void left by the Almeida Festival. It has all been put together in two months: a cheerful mix bag of events, without connecting themes or polemical principles, buoyed up by an enthusiastic roster of young performers and a refreshingly uncliquish audience, and which by its very nature is going to miss the target almost as often as it *scores a hit*.

Most of the events are planned for the Arts Theatre, with a single excursion to St Martin in the Fields; that brings its own problems. The theatre is a nice size, but acoustically hopeless; its dryness makes everyone work hard, and for the strings in particular it is thankless labour. That was especially unfortunate on Tuesday, when the main concert was devoted to multiple cellos, an ensemble of ranging up to thirteen altogether.

What seemed on paper an intriguing programme – so many rich toned, hugely expressive instruments ought to be utterly beguiling – proved to be a severe test of *endurance*, with laboured performances of Arvo Pärt's *Fratres* (how fragile his music is, and how reliant upon poised, elegant playing to *make any effect at all!*) and Henze's potentially ravishing *Being Beauteous*, with Sally Harrison as the stratospheric soloist. There was a more convincing account of Boulez's *Messagesquisse* with the Norwegian Oystein Birkland as soloist, but the piece itself seems thinner and thinner – composition by numbers in a most dispiriting, unBoulezian way.

Monday's programme of George Crumb, conducted by Nicolson, had fared better, though the desiccated acoustic did the tricksy textures no favours at all. There was *robust account of the* Lorca-based *Ancient Voices of Children* with the mezzo Lore Lixenburg and boy soprano Jerome Finnis, and a rapt, well controlled one of the two-piano and percussion *Makrokosmos III*, "Music for a Summer Evening", by MacGregor, Andrew West, Levon Parikian and Christopher Brannick.

If Crumb is the Rutland Boughton of our time, then *Ancient Voices* is his *Immortal Hour*, hugely popular in its day (15 years ago), emotionally exploitative and now embarrassingly dated; its best idea is second hand. There is less baggage, more musical content in *Makrokosmos*, and in the right setting more atmosphere too.

Andrew Clements

INTERNATIONAL

ARTS GUIDE

EXHIBITIONS

■ AMSTERDAM

Concertgebouw 20.30 Frank van de Laar plays piano music by Mozart, Nielsen, Bartok and Schumann. Tomorrow, Sat and Sun: Jean-Bernard Pommier is conductor and piano soloist in three programmes of music by Mozart with the Netherlands Radio Chamber Orchestra. Charlotte Margiono is soprano soloist on Sat, and Matthias Maurer and Jaap van Zweden play the Sinfonia Concertante K364 on Sun (6718 345)

■ ATHENS

Herod Atticus Theater 21.00 Moiseyev Folklore Ballet from the Soviet Union, also tomorrow and Sat. Sun: piano recital by Dmitri Sgouros (322 1459)
Lycabettus Theater 21.00 Haris Mantafouni's Modern Dance Group. Sat and Sun: Kid Creole and the Coconuts (322 1459)

■ BUDAPEST

This weekend's events include a concert tomorrow evening at the Pest Concert Hall by the Budapest Symphony Orchestra conducted by Tamas Gal, with Karoly Mocsari piano soloist. On Sat, the Monteverdi Chorus of Hamburg gives a concert at the Matthias Church, Szentharomsag ter, and the Budapest Strings play at the Dominican Court of the Hilton Hotel. On Sun, the Schola Hungarica plays at the Dominican Court, and the Hungarian Symphony Orchestra gives an operetta concert with the Talentum Dance Ensemble at the Pest Concert Hall. Every Tues, Thurs and Sat throughout the summer, Tibor Faith conducts an evening of operetta favourites at the Pest Concert Hall (117 5067)
Pre-booking at Philharmonic booking office, Vorosmarty ter 1

■ LONDON

DANCE
Coliseum 19.30 Dutch National Ballet in Rudi van Dantzig's staging of Romeo and Juliet, music by Prokofiev. Also tomorrow, with matinee and evening performances on Sat (071-836 3161)
MUSIC
Covent Garden 19.30 Michel Plasson conducts last performance this season of Tosca, with Maria Ewing in title role, Placido Domingo as Cavaradossi and Justino Diaz as Scarpia. Tomorrow and Mon: Anne Sofie von Otter in La Cenerentola. Sat: Jochen Kowalski as Gluck's Orfeo (071-240 1066)
Royal Festival Hall 19.30 Keith Jarrett in concert, his only British appearance this year. Tomorrow: Young Musicians Symphony Orchestra plays Shostakovich's Seventh Symphony. Sat: The Blues Brothers (071-928 8800)
Queen Elizabeth Hall 19.45 Sir Arthur Bliss centenary: second of three programmes this week in which the Nash Ensemble explores Bliss' friends and influences. Tonight's programme includes Bax's Nonet and Holst's one-act chamber opera Savitri. Final programme on Sun includes Vaughan Williams' On Wenlock Edge and Elgars's Piano Quintet (071-928 8800)
Barbican 19.45 Opening night of Barbican Pops Festival, with the American band leader and singer Cab Calloway joining the LSO for an evening of blues and jazz. Tomorrow: Cuban jazz trumpeter Arturo Sandaval. Sat and Sun: Andrew Litton conducts extracts from Porgy and Bess, with Willard White as Porgy, Roberta Alexander as Bess and Damon Evans as Sportin' Life (071-638 8891)
THEATRE
Shakespeare
A Midsummer Night's Dream is a Romanian-language version of Shakespeare's play performed by the Comedy Theatre, Bucharest, with a comprehensive English synopsis. Tonight, tomorrow and Sat only (Lyric Hammersmith, 081-741 2311)
Macbeth is a New Shakespeare Company production directed by William Gaunt and designed by Bruno Santini, with Peter Woodward and Nichola McAuliffe as the leading couple. Tonight, tomorrow and Sat, also next week (Open Air Regents Park)
For ticket information and inquiries about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ MILAN

Teatro alla Scala 20.00 Ballet triple-bill: Frederick Ashton's Jazz Calendar, with music by Richard Rodney Bennett; Agnes de Mille's Fall River Legend, with music by Morton Gould; and Don Juan, choreographed by Amedeo Amodio with music by Gluck. Repeated daily till July 20, except Sun (7200 3744)

■ MUNICH

MUSIC
Staatsoper 19.00 Donato Renzetti conducts the Ponnelle production of L'Italiana in Algeri, with a cast led by Agnes Baltsa, Simone Alaimo and Frank Lopardo. Tomorrow: Penderecki's Ubu Rex. Sat: Sawallisch conducts Don Giovanni, with a cast led by Thomas Allen, Julia Varady, Ann Murray and Kurt Moll. Sun: Sinopoli conducts Gurrelieder (221316)
Cuvilliés-Theater 19.30 Gustav Kuhn conducts Kurt Wilhelm's production of Intermezzo, with Felicity Lott as Christine and Hermann Prey as Storch. Sun: members of the Bavarian State Orchestra play chamber music by Shostakovich, Wolf and Schumann (221316)
Philharmonie 20.00 Lorin Maazel conducts Bavarian Radio Symphony Orchestra in a Ravel and Stravinsky programme: Bolero, Rhapsodie Espagnole and Petrushka. Repeated tomorrow in Munich, on Sat in Ingolstadt and Sun in Bad Kissingen. Sat and Sun: Christian Thielemann conducts Munich Philharmonic Orchestra (48098 614)
THEATRE
Kammerspiele 20.00 Just Us (Nur Wir), play by Ulla Berkewicz about two old people who build an imaginary world for themselves because they cannot accept the death of their brother. Tomorrow: Samuel Beckett's Happy Days. Sat: Moliere's Don Juan. Sun: first night of Thomas Langhoff's new production of Goethe's Stella (23721 328)
Prinzregententheater 19.30 Preview of Steve Berkoff's new production of Shakespeare's Coriolanus, also tomorrow. The premiere is on Sat (225754)

■ NEW YORK

MUSIC AND DANCE
Metropolitan Opera 20.00 Royal Ballet triple bill: Frederick Ashton's Scenes de ballet, Kenneth MacMillan's Winter Dreams and David Bintley's Still Life at the Penguin Cafe. Repeated tomorrow. Sat: matinee and evening performances of Anthony Dowell's production of Swan Lake. Season runs till July 20 (362 6000)
New York State Theater 20.00 Steven Sloane conducts Frank Corsaro's Italian-language production of Tosca with Maria Thigpen in title role, also Sun at 14.00. Tomorrow: Turandot. Sat: Sondheim's A Little Night Music (870 5570)
Avery Fisher Hall 20.00 James Galway joins the Tokyo String Quartet in Mozart's Flute Quartets in D and A, also the String Quintet in G minor with Raphael Hillyer. At 19.00, Galway plays the Flute Quartets in G and C in a pre-concert recital. Tomorrow and Sat: Isaac Stern is soloist with the Mostly Mozart Festival Orchestra. Sun: Mozart on period instruments, with the Handel and Haydn Society of Boston conducted by Christopher Hogwood (875 5030)
OFF BROADWAY THEATRE
Mr Gogol and Mr Preen is Elaine May's poignant, funny play about the relationship between an ageing New York writer (Mike Nussbaum) and a vacuum-cleaner salesman (William Macey), showing both actors at their best (Mitzi E. Newhouse, Lincoln Center, tel 239 6200)
Breaking Legs is Tom Duluck's comedy about the Mafia meeting Off Broadway. (Promenade, Broadway at 76th Street, tel 580 1313)
Ticketron answers inquiries and sells tickets for most shows (246 0102)

■ PARIS

Palais Garnier 19.30 American Ballet Theatre triple-bill: Jerome Robbins' Fancy Free, Twyla Tharp's Brief Fling and Agnes de Mille's Rodeo. Tomorrow, Sat and Sun: ABT Paris season ends with a programme of works by Twyla Tharp, Anthony Tudor and Jerome Robbins (4017 3535)
Opera Bastille 19.30 Armin Jordan conducts Robert Wilson's production of Die Zauberflöte, with Cynthia Haymon as Pamina, David Rendall as Tamino, Christian Boesch as Papageno and Carsten Stabell as Sarastro. Runs till July 19, with next performances on Sat and Mon. Tomorrow, next Tues and Thurs: Katya Kabanova (4001 1616)

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Thursday July 11 1991

Gorbachev at the G7

IN WAR, resolution; in defeat, defiance; in victory, magnanimity; in peace, goodwill. Winston Churchill's words are as appropriate in today's palmier days as in those of the Cold War. But how is the west to show its magnanimity? The presence of Mikhail Gorbachev at the summit of the leaders of the group of seven industrial countries in London next week makes a reply to that question unavoidable. It should consist of a willingness to provide assistance, but only on strict conditions.

The case for a "grand bargain" between the west and the Soviet Union has been eloquently expressed in the programme developed under the joint chairmanship of Grigory Yavlinsky, former deputy premier of Russia, and Graham Allison of Harvard University. The question, they insist, is not how much assistance would cost, but how much success would be worth.

The west spends at least $250bn a year defending itself against the Soviet Union; it is also closely concerned in the possible fate of the Soviet arsenal. But the case for western engagement is not merely negative. Economically, the west must welcome so important an addition to the world economy, just as, politically, it would have to embrace so noteworthy an addition to the societies committed to its fundamental values.

The suggestion of the Yavlinsky programme that total assistance should be 0.6 per cent of the annual gross domestic product of the OECD countries over four years (about $100bn in current prices) is not unreasonable in itself. Provided such assistance is not at the expense of equally meritorious recipients, notably those of eastern and central Europe, the cost is not large, set against the potential gain.

Chief question

The question is rather whether such assistance would bring the gain. Does the Soviet Union possess the conditions for successful reform? Can western assistance make a decisive difference?

In its recently published World Development Report, the World Bank lists seven requirements for successful economic reform: consistency in carrying it through, development of the required institutional capacity, early elimination of macroeconomic instability, a comprehensive rather than a partial approach to reform, realism about the requirements and the implications, careful attention to the fate of the vulnerable, and a strong commitment by the government of the country itself.

Yet the government of President Gorbachev has been consistent only in its inconsistency; it does not possess the institutional framework either of the market or, nowadays, even of effective government; it has exacerbated macroeconomic instability, not diminished it; it has consistently chosen partial over comprehensive reform; and it has shirked bringing to its own attention, let alone to that of the people, the realities of the required revolution.

Worst of all, there is not merely no clear commitment to comprehensive reform, but it is not even obvious who needs to make the commitment. Is it Mr Gorbachev? Is it the Soviet prime minister, Mr Valentin Pavlov? Is it Mr Yeltsin and the other republican leaders? Or is it all of these together?

The Yavlinsky programme takes a determinedly optimistic view of the prospects. But only the Soviet Union's potential wealth and the depth of its current crisis make that optimism even plausible. At least the number of believers in the status quo is dwindling hour by hour.

Modest prospects

The prospects for success are no better than modest, but this is not a decisive objection to assistance. The question is rather whether the west can improve the chances. It cannot do so by tinkering with a few sectors of a collapsing economy. It can do so by offering technical assistance. It could also do so by offering generous finance. But such assistance must be in support of a resolute and transparently Soviet effort at comprehensive reform, not an alternative to it.

The chief risk consequent upon a broad engagement in Soviet reform is that the west will find itself enmeshed in Soviet internal politics. As soon as the reform imposes serious dislocation (as it will), it will become a political orphan. Conservatives will blame the hardship on the west's programme; reformers will blame it on the west's stinginess; the republics will blame it on the centre's incompetence; and the centre will blame it on the republics' intransigence. The west may then find it difficult to extricate itself from a political and economic calamity.

Given both the risk of failure and the gains from success, the message from the G7 to Mr Gorbachev should be clear and uncompromising. Generous support will be provided for a serious effort at reform. But no help will be forthcoming, beyond technical assistance, until the Soviet Union possesses the two chief preconditions: a new democratic constitution regulating the respective powers of the centre and the republics in all relevant areas; and an economically credible reform programme to which all the relevant authorities are publicly committed. With those conditions fulfilled, anything should be possible; without them, nothing is worth discussing. Magnanimity must not be confused with soft-headedness.

Bailing out the BCCI depositors

THE BANK of Credit and Commerce International was a bank authorised to do business in the UK. Thousands of ordinary people and small businesses stand to lose money following its collapse. Some local authorities have lost substantial sums. Should any or all of the BCCI depositors be bailed out – and if so, by whom?

The legal position is clear: the only customers guaranteed to get any money back are personal depositors. They will eventually get back 75 per cent of their losses up to a limit of £20,000, a maximum of £15,000. The tab for this – which could be between £100m and £200m – will be largely picked up by the major clearing banks. Getting back anything more than £15,000 depends on the skills of the liquidators: so does the fate of company depositors.

Local authorities are in the same boat as companies. The Department of Environment list of banks for local authority deposits was no imprimatur for BCCI, only a list of authorised UK banks. While there is sympathy for the community charge-payers who must cover the losses, their councils should explain why they invested in a bank whose parent was based and regulated outside the UK.

Laxer regime

Is there a case for more compensation than this? To the ordinary depositor, there was little to distinguish BCCI from any of the high street banks – apart from the welcome it offered to Asian businessmen. Sophisticated investors might worry about a bank based in the laxer regulatory regime of Luxembourg. They might have questioned the bona fides of a bank whose American subsidiaries were involved with money laundering and unsavoury dictators. But the depositor in the street may have felt that since the well-informed and cautious Bank of England had not withdrawn authorisation, everything in the UK subsidiary was hunky-dory.

Full inquiry

Only a full and searching inquiry can discover the facts behind the closure. If the Bank of England has failed in its statutory role, there would be increased political pressure to pay depositors compensation (as the Department of Trade and Industry did in the Barlow Clowes case). And if the Bank could not have closed BCCI earlier, it must demonstrate that it did everything possible to insulate the UK subsidiary from the parent during the years of investigation. Even if liability is established, depositors should not be compensated in full – otherwise the extent of moral hazard in banking would be excessive.

The globalisation of financial services has brought unfamiliar names to UK high streets, some with the word "bank" in their title. The BCCI collapse will remind investors that higher returns may bring greater risks. For their part, the banks could do more to advertise the cover their depositors are entitled to, and its limits. The big clearers might even consider insuring for larger losses: while their rates of return might be less spectacular than some offered by newer faces, long-term security is worth advertising.

Final barriers still to clear

The lifting of US economic sanctions against South Africa will have a limited effect, write Patti Waldmeir and Philip Gawith

Senior leaders of the African National Congress (ANC) argue – with ill-concealed glee – that no sensible foreign investor would invest in South Africa at the moment, sanctions or no sanctions.

Unfortunately for South Africa, they are probably right. For the lifting of US economic sanctions against Pretoria will remove only one of the barriers to the investment which post-apartheid South Africa so desperately needs. Violence in black townships, which has left nearly 2,000 people dead in the past year, and the heavily interventionist economic policies of the ANC itself, are ample deterrents to all but the most risk-prone foreign investor.

The most important legislative sanction of all – the effective ban imposed by Washington on Pretoria's access to loans from the International Monetary Fund (IMF) – will remain in place. Without such access, and the commercial bank lending it might bring in its wake, growth in the South African economy must remain severely constrained. Even after the current recession ends, a continued block on IMF funding will restrict growth to no more than 2 per cent a year – at a time when 4 to 4.5 per cent growth is needed to keep pace with population growth. Even that figure does not address the economic and social expectations of blacks during a delicate period of political transition.

Ironically, the ANC itself recently provided a damning indictment of the effectiveness of sanctions. A working paper prepared by its Department of International Affairs concedes that "trade sanctions are making little impact on the economy which continues to experience international trade surpluses,"; "economic links with the African continent seem to be growing"; the Soviet Union, once the ANC's staunchest backer, has decided to set up an "interests section" in the Austrian Embassy in Pretoria; and net capital outflows, which totalled R30bn from 1985-89, have been reversed.

It is financial, rather than trade, sanctions that have imposed a nearly intolerable burden on South Africa's economy

No doubt immense rhetorical capital will be made by both Pretoria and the ANC out of the removal of American sanctions. Indeed, when the ANC recognised that repeal of US legislation was inevitable, it hurriedly decided (at its national conference last week) to back the phased lifting of sanctions. But the effect is likely to be more symbolic than real.

Direct air links with Johannesburg will be resumed, and this will have an intangible effect on the morale of white businessmen who have resented South Africa's pariah status. Bans on investment and commercial bank loans will be lifted, as well as embargoes on US imports of coal, iron, steel, uranium, farm products, textiles and products from South African state-owned groups.

South African exporters will, of course, welcome renewed access to old markets in America; but many have long ago compensated by developing new markets in the Far East, and more recently eastern Europe. Indeed, Mr Chris Stals, governor of the Reserve Bank of South Africa, the country's central bank, commented earlier this year that trade sanctions "seemed to have had little effect on the country's total exports".

This was not just the bluster of a politician (Mr Stals prides himself on his independence as a technocrat). It is borne out by the fact that the volume of South Africa's exports rose in 1990 for the seventh consecutive year, and that the ratio of South Africa's merchandise exports to gross domestic product rose from 12.6 per cent in 1983 (before the main trade sanctions were imposed) to 20.4 per cent in 1989.

Mr Stals would add two important caveats: without sanctions, this performance would have improved further; and while volume exports have risen, profit has often suffered as political discounts have been imposed on exports, and middlemen have taken a cut for disguising the source of the product.

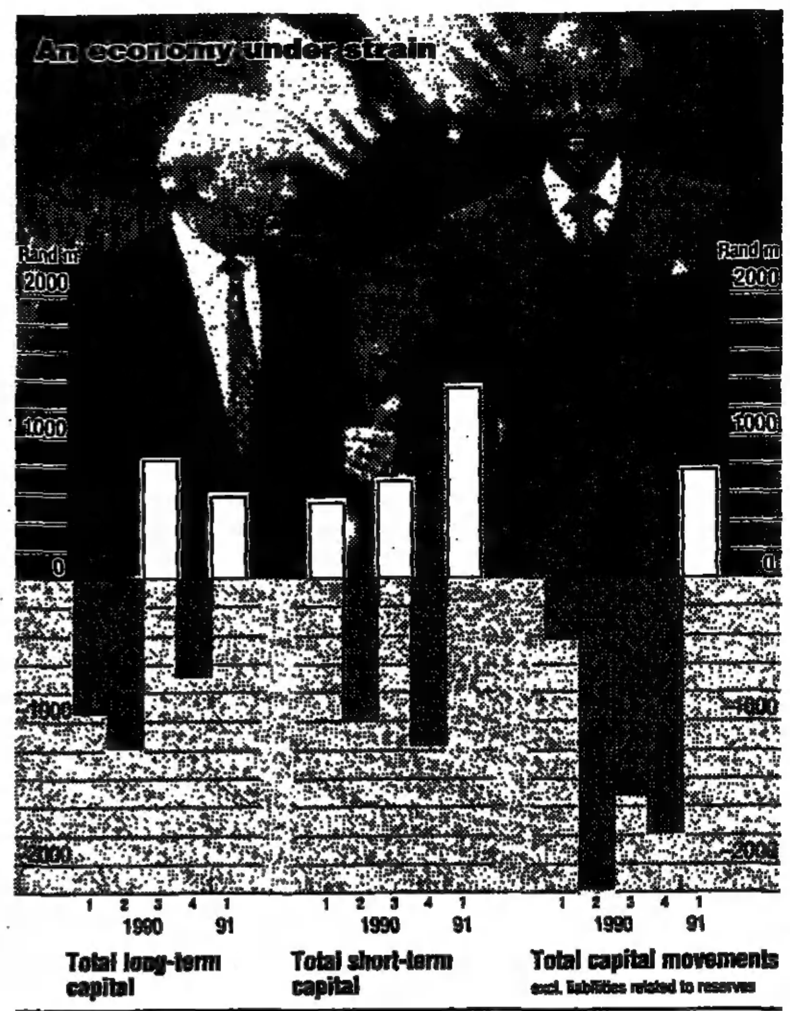
A familiar example is coal, South Africa's second-largest foreign exchange earner after gold: Pretoria lost about a quarter of its export markets, equivalent to about 10m tonnes in sales, when sanctions were imposed in 1986. Volumes have since been replaced, but at a political discount of $3 to $5 a tonne, costing the local industry about $200m. The direct impact of US Comprehensive Anti-Apartheid Act sanctions on coal exporters was limited: the loss of the 1m tonnes a year (2.5 per cent of total coal exports) sold to the US before sanctions.

Still, coal exporters stand to benefit – along with the steel and deciduous fruit industries – from an end to US sanctions. But Mr Piet du Plessis of Iscor, the country's largest steel producer, said recently there was no question of Iscor rushing back into the American market. Fruit exporters expect a bigger boost, with renewed access to US, Canadian and Scandinavian markets estimated to be worth an extra 20 per cent in sales.

Trade with the rest of Africa will no doubt also benefit when Organisation of African Unity sanctions are eventually lifted – although many African countries have already anticipated this move, and so another big boost to South Africa's regional trade may not be forthcoming. Accurate figures are difficult to acquire, but trade and foreign affairs officials estimate that South African trade with the rest of the continent last year was R7bn to R10bn. Growth is reckoned to have been 40 per cent in 1989 and 22 per cent in 1990. Indeed, with sanctions still in place, South Africa managed to trade with every African country except Equatorial Guinea and Djibouti, and its diplomats visited 21 African countries outside southern Africa during the past year.

But businessmen point out that Africa as a whole represents only 3 per cent of world trade, and South Africa makes up a third of that already. Given black Africa's debt problems, its prospects as a market for Pretoria may turn out to be limited.

But if the deviousness and ingenuity of South African businessmen have partially succeeded in frustrating trade sanctions, the same cannot be said of financial sanctions, which have imposed a nearly intolerable burden on the economy. Access to foreign capital – prevented, not primarily by legislation, but by the prudence of lenders – has forced Pretoria to restrict growth to avoid a surge in foreign imports. Such action was essential to ensure a large enough balance of payments surplus to service Pretoria's foreign debt (since 1985, when the government declared a partial debt moratorium, net capital outflows have totalled more than R30bn).



Balance of payments

Rand m	1984	1985	1986	1987	1988	1989	1990
Current Account Balance	−2,602	5,087	6,114	5,995	2,728	3,108	5,787
Basic Balance	8	4,565	2,952	4,294	1,555	1,878	3,842
Change in net gold & other foreign reserves owing to balance of payments transactions	−1,366	−3,234	1,042	3,144	−3,480	−1,237	2,913
Change in gross gold & other foreign reserves	355	586	−164	2,215	−1,235	199	359
Total capital movement not related to reserves	1,236	−8,321	−5,072	−2,851	−6,205	−4,345	−2,874

Source: South African Reserve Bank

It will take more than a blessing from Washington to overcome this problem. Direct investors will confront the political obstacles mentioned above – violence and the ANC's socialist economic policies – as well as economic obstacles such as South Africa's 15 per cent inflation rate, and its relatively highly paid, poorly skilled workforce, whose productivity record is far from impressive.

"In order to attract investment we have to persuade investors that we are not on the way to becoming a Beirut in respect of violence, or an Argentina in respect of our inflation rate," Mr Bobby Godsell, public affairs director of Anglo American, South Africa's largest mining house, pointed out recently.

Investors will also wish to see clarification of the ANC's economic policies before committing funds. The organisation's policy on the economy is still evolving, and it has progressively moved away from an earlier insistence on nationalisation. None the less, it remains clear that there would be a high degree of state involvement in any ANC-dominated government.

South African government officials and businessmen are cautious about prospects for big inflows of foreign funds, whether in the form of direct investment or foreign loans. "It will take time for the new South Africa to establish credibility," warns Mr Stals. "The take-off may not occur until the mid-1990s, when the new government has been in power for a year or two. For the next few years we must be modest about what to expect from the economy."

Without access to IMF facilities Mr Barend du Plessis, the finance minister, believes slow growth would resume by the end of this year or early in 1992, "but only a very modest growth rate ... for a short period of time ... which will be totally inadequate ..."

With access to IMF support – Mr du Plessis hopes that normal relations with the fund will be re-established by the end of the year, and estimates $2bn might be available – "we would have confidence to let go of the economy, not to hold the reins so fast," he says. Still, he remains cautious about growth: "We would be able to phase out exchange controls, so what will happen? How many foreign investors will indeed take their money out, what will be the flow of money back to South Africa?"

Already, as sanctions have begun to recede, capital flows are being influenced more by what Mr Stals calls "normal economic factors". But those factors do not yet favour long-term investment. Foreign trade missions are numerous, but commitments few. "We've had more visitors in the past year than in the past five," says Mr Meyer Kahn, group managing director at South African Breweries. But he adds: "That's partly political, and partly because we have a superb summer climate: they pack five sets of swimming trunks for every suit."

Several British merchant banks have recently sent top executives to South Africa, and Robert Fleming Holdings is to set up a merchant bank and investment management subsidiary by the end of the year. But other banks have yet to commit themselves; Standard Chartered has limited its planned involvement to a representative office rather than a full banking branch.

Mr Stals says investment will come with political progress, including lending at commercial rates from the World Bank: "By the mid-1990s ... I think we're going to pull in a lot of foreign capital," he says. "We will become a conduit for those who want to invest in the southern African region."

Mr Kahn and many other businessmen remain optimistic about post-sanctions prospects: "We are underborrowed, we've adjusted to sanctions, found new markets, there is a better relationship between labour and management, our businesses are tougher, and we are leaner." He acknowledges the problem of political instability, but comments that after the past five years, "if you presented me with a situation of peace and stability I wouldn't know how to manage the business".

Mr Conrad Strauss, group managing director of Stanbic, one of South Africa's largest banking groups, offers a more sober vision: "The best we can hope for is that we leave this century in a greater state of socio-economic grace than when we entered it."

For the scale of South African poverty is daunting: 20m people have no access to electricity at the flip of a switch; 80 per cent of rural dwellers do not have enough clean water; 84 per cent in rural areas live below the so-called "minimum living level" of R700 a month for a family of five. And by 2010, there will be nearly 60m people in South Africa, twice the 1980 census level. It is far from clear that the post-apartheid economy will be up to the task of housing, feeding, clothing and employing that many people; black South Africans may find that life after apartheid – and after sanctions – remains a struggle.

OBSERVER

Tshwete at the crease

■ It must surely be the first time that an erstwhile political commissar of a guerrilla army has mediated at Lord's, headquarters of British cricket. Steve Tshwete has been the most crucial, if unlikely, figure in South Africa's giddy return to the international sporting arena.

It is difficult to relate the genial, pipe-smoking figure to the man who spent fifteen years on Robben Island from 1964 for his activities in Umkhonto we Sizwe (MK), the military wing of the ANC. A founder member of the now defunct United Democratic Front (UDF), he went into exile in 1985 in Lusaka.

Since returning to South Africa last year he has been immersed in brokering sporting unity, despite his title as National Organiser of the ANC. This high profile has done him no harm – he came 9th in the recent NEC elections.

A tall, burly man, who hides behind an intimidatingly thick pair of spectacles, Tshwete was a rugby player of some note in his youth. His involvement with cricket only began last August when Frederik Van Zyl Slabbert, a former leader of South Africa's liberal opposition party, brought Tshwete, government minister Roelf Meyer, and cricket administrators together. Tshwete then became the mediator between the South African Cricket Board and the South African Cricket Union who merged at the end of June to form the United Cricket Board of South Africa.

Crucially, Tshwete also garnered the ANC's support for South Africa's bid for readmission to the International Cricket Council. Without the ANC's imprimatur, it would never have succeeded. White sports administrators praise Tshwete as a statesman and openly admit unity would have been unlikely without his assistance.

Things have moved very fast. Tshwete recalls that it was not long ago that Afrikaners in the ultra conservative north of the country declared: "Ons gaan nie skrum met 'n kaffir nie" (We won't scrum with a kaffir).

Two way stretch

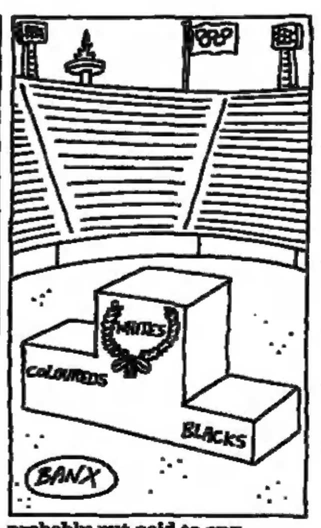
■ When it comes to BCCI hard luck stories, London University's Queen Mary College must be one of the front runners. Its law department has been receiving a gift of £12,000 per annum from the busted bank. Although I am promised that there were no strings attached to this generous deed of covenant, the trustees decided to leave £90,000 of the money on deposit with BCCI.

Ryan PA

■ High flying Tony Ryan's decision to buy a 5 per cent stake in Bank of Ireland three years ago always looked a little odd. Similarly, the timing of his decision to place his stake and resign from the board also looks a trifle strange.

It is impossible to tell from published information how much money he made on the deal, but it has not been a stellar investment. Now is hardly the best time to bail out of what ought to be a long term recovery stock and he does not seem short of cash. After all he owns 8 per cent of GPA, the world's biggest aircraft leasing firm which has a net worth of over $1bn. Despite the recession, GPA's earnings rose by 8 per cent last year, and it has an impressive list of supportive shareholders and an even more impressive board of directors.

Since he first bought his stake there have been considerable management changes at Bank of Ireland, which have



probably put paid to any chances of him becoming Governor, if that was ever his ambition. Meanwhile, if GPA is coming to the stock market this year, then he will have plenty on his plate.

Apparently, he has no plans to inject more money into his sons' loss-making Ryanair. Even so shareholders at next Monday's GPA annual meeting might like a bit more clarification of what its founder is up to.

Bouncing back

■ Hubertus von Grünberg was already wearing a brass Continental pin in his lapel yesterday. Outside the annual meeting of the embattled German tyremaker, its new chief executive was explaining why he was glad to return home after his four-year spell in the US.

The tall, slim, affable von Grünberg, 48, previously headed the automotive division of ITT of the US, having run its Alfred Teves motor equipment subsidiary in Frankfurt. With Conti suffering the ravages of the tyre industry, especially in the US, and now in cooperation talks with Pirelli after rejecting the Italian group's merger terms, he has a tough task ahead.

Conti is twice the size of his old ITT division and at least he will be more independent. But perhaps the most important lesson he learned in the US was what he describes as "a soft toughness". US management is as tough and success-oriented as in Germany, "but smoother in appearance".

Smoothness is not a word one would apply to Horst Urban, who was eased out of the ceo's chair in May for opposing Pirelli too aggressively. Von Grünberg, awarded his doctorate for a thesis on relativity, is a more diplomatic and polished figure.

Nor surprisingly, he would not be drawn on whether Conti might merge with Pirelli. "I am open to everything". But clearly he had not come to Hanover just to run another subsidiary of a bigger company.

Property lore

■ The following glossary, spotted in the latest issue of the Estates Gazette, may be of some help to hardpressed property dealers searching for the right phrase:

"Strategy is being tailored for the current economic climate". *The investigating accountants have arrived.*

"Last year was very difficult." *How we avoided receivership I do not know.*

My sincere thanks to George Jolly, the senior surveyor, who retires after 35 years. *Whoever he is make sure you get back the car.*

"Future remuneration will be geared to performance." *That is why I am retiring in two months time.*

"I am confident about the future." *The investigation accountants have departed.*

Verdict

■ Old lawyers don't die, they just lose their appeal.

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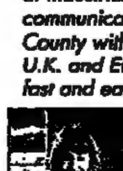

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ECONOMIC VIEWPOINT

Minimum income vs minimum pay

By Samuel Brittan

There is an intellectually exciting alternative to Labour's reactionary, job-destroying proposals for a minimum wage. This is to leave wage determination to the market-place, but to use the tax and social security system to make some form of Basic Income (BI) payment to every person or household, irrespective of whether he or she is young or old, sick or well, at work or unemployed. For those without a job, the Basic Income would replace all forms of the dole. For those with low pay, it will act as a top-up. For the rest, the basic income can be netted off against the tax.

Such proposals would [redacted]vide a more certain safety net than the existing social security patchwork. They would promo[redacted] capitalism with a human face, but without the puritan ethic. This last feature stems from the fact that everyone would have the equivalent of [redacted] modest investment income, previously the privilege of a small rentier class. At the same time, it would always pay an unemployed person to take a job.

Basic Income has suffered from being confused with the similar-sounding minimum wage. The debate has also been

There is always a three-way trade-off between costs, generosity and poverty-trap effects

clouded by sectarian disputes between advocates of pure Basic Incomes, and advocates of closely related ideas such as [redacted] Dividends, Negative Income [redacted] or Minimum Income. [redacted] confusions, should not deter market [redacted]mists from supporting one or other version of the underlying idea.

In any social security system, there is a three-way trade-off between costs, generosity and poverty-trap effects. The latter stem from the rate at which benefits taper off as incomes rise. If the system aims for the greatest generosity at lowest cost, the withdrawal rate is likely to be extremely high. This will have the advantage of selectivity, but the disadvantage of very high implicit tax rates at the bottom end of the income distribution, thus taking away much of the gain from moving to higher-paid work. On the other hand, if benefits are tapered off very gradually, these poverty-trap effects are reduced; but either the cost is prohibitively expensive or the benefits are far [redacted] low.

For example, a joint study by Steven Web[redacted] and myself not only went into detail on the arguments, but investigated *inter alia* a modest scheme for integrating two types of income-related benefit – Family Credit and Income Support – with income tax, to provide a guaranteed income for [redacted] The guaranteed level [redacted] modest, no more than the conventional subsistence provided by Income Support, now £39.65 for a single adult over 25, and just over £100 for a typical family with two children. As at present the total will be boosted by Housing Benefit for many recipients.

Even so, this reform would have cost in 1990 some £30bn on a no-losers basis. If paid for from direct tax, the basic rate of income tax, plus employee national insurance contribution, would have to rise from 34 to 49 per cent. These figures exaggerate [redacted] burden, [redacted] many people would [redacted] enough Basic Income to offset the extra income tax – which they would not actually have [redacted] hand over if tax and social security were integrated.

Nevertheless, the increase in the *marginal* tax rate would be real and not illusory. It is time to think how the cost of Basic Income could be reduced. One frequent suggestion is to go for a partial or transitional BI. This has been suggested, for instance, by the person who has done more than anyone else to promote the BI cause, namely, Hermione Parker**. It is also the approach chosen by the Liberal Democrats. The partial BI would have the advantage of introducing the principle of non-work incomes for all, and I do not want to exclude the idea.

But there is a strong case for starting with a different approach based on unpacking the BI idea into its components to see how they differ from the present system. In so doing, we shall be able to see why the latter fails to achieve even [redacted] conventional subsistence minimum for all.

SOME UK BENEFITS 1991

INCOME SUPPORT

	£ per week		£ per week
PERSONAL ALLOWANCES		CHILD BENEFITS**	
Married couple	62.[redacted]	First child	8.25
Single [redacted] 18–24)	31.15	Other children	7.50
Single [redacted] 25+)	39.65		
Child [redacted] 0–10)	[redacted]		
Child [redacted] 11–15)	19.75		
Child (aged 16–17)	23.65		
[redacted] 18)	31.15		
PREMIUMS		FAMILY CREDIT***	
Family*	7.95	Adult	[redacted]
[redacted] parent	4.45	[redacted] 0–10)	9.70
Pensioner couple (aged 60–74)	20.90	Child (aged 11–15)	16.10
Single pensioner (aged 60–74)	13.75	Child (aged 16–17)	20.05

*[redacted] on first child ** From October *** One adult credit is available per family

1. Generality. Working families on low incomes with or without children would for the first time have their incomes topped up. (Family Credit now only to[redacted] up the incomes of families with children.)

2. *Non-discrimination.* There would be no discrimination against [redacted] adults.

[redacted] Unconditionality of means. The BI would be paid as of right without the present inquisition into capital means.

4. Unconditionality of status. No questions would be asked about incapacity, availability for work and so on.

5a. Post Office principle. People would have the option of receiving BI across the counter, as Child Benefit is now paid out in post offices. This would help with the problem of incomplete take-up, which arises from the reluctance of potential recipients to come forward at a social security office to prove that they are [redacted] for [redacted] income related benefit.

5b. Integration. Alternatively, they could opt to offset BI against income tax, thus making or receiving a single [redacted] without "churning".

6. Uniform withdrawal rate. There would be uniform withdrawal rate at no more than the normal tax rate (including both income tax and employee national insurance).

This deconstruction shows that BI could be approached by building on the present system without waiting for the full [redacted] of [redacted] tax and [redacted] security [redacted] under 5b. The latter [redacted] administrative move often wrongly [redacted] the [redacted] all BI and negative [redacted] ideas.

Any government [redacted] quite inexpensively [redacted] and extend Family [redacted] to [redacted] families. Nor [redacted] the [redacted] the discrimination against younger adults break the bank. The elimination of [redacted] "seeking work" [redacted] more controversial. For it accepts the legitimacy of people – whether hippies, wandering scholars or non-aspiring contempla[redacted] – opting to live on a very modest benefit income if that is their desire. But those who talk of the work-shy and scroungers never pause to ask themselves if they are also opposed to inherited income, which gives rise to similar temptations.

Even more conventional reformers ha[redacted] to face up to the case for dropping conditionality – eg. the insistence on trying to find [redacted] or demonstrating the existence of genuine disabilities. Otherwise [redacted] will be extremely difficult to move [redacted] the post office principle of paying out [redacted] over the counter and thus removing the gaping holes in take-up.

It is the sixth aspect, a uni[redacted] withdrawal rate, that I would put on the back burner. The very high cost of Steven Webb's BI simulation [redacted]rises from reducing the withdrawal rate for benefit [redacted] that it [redacted] no higher than the tax rate. (The beneficiaries are some 600,000 people who now suffer high withdrawal rates [redacted] benefit levels.) Some of [redacted] worst unemployment-trap effects could be eliminated simply by reducing the withdrawal rate on Income Support from the present 100 per cent to the 70 per cent rate now prevailing for Family Credit. But there would still be a withdrawal rate a good deal higher than the normal tax rate. To distinguish the variant which tolerates a high withdrawal rate from the pure Hermione Parker BI concept, it might be best [redacted] call [redacted] a Modified [redacted] Income guarantee.

It is, of course, difficult to say in advance how many people would want to take advan[redacted] to drop out of the labour force or

Basic Income could be approached without waiting for a full tax and social security merger

slash their hours of work, and how their numbers would compare with those taking jobs for the first time because it now paid them to do so.

The very accusation [redacted] employers would [redacted] encouraged [redacted] offer [redacted] low-paid jobs [redacted] to my mind [redacted] ground for hope. For it would suggest that the employment-creating effect might be quite large. The introduction of [redacted] simple low-paid jobs [redacted] most promising quick method of reducing involuntary unemployment quickly towards the levels we were used to up to the 1970s. Misplaced moralistic indignation at employers who create such jobs should not stand in the way. Most of their excess profits would in any case soon disappear as they competed with each other.

* *Beyond the Welfare State, by Samuel Brittan and Steven Webb, Aberdeen University Press for the David Hume Institute, 1990, £6.95*

** *Basic Income and the Labour Market, Basic Income Research Group, 102 Pepys Road, London SE14 5SG, £2.*

BOOK REVIEW

Great curmudgeon is great communicator

MY STYLE OF GOVERNMENT: THE THATCHER YEARS
By Nicholas Ridley
Hutchinson, [redacted] pages, [redacted]

Forget about anything you may have read or heard in advance about Nicholas Ridley's book, which is published today. My Style [redacted] Government is the best inside job on the Thatcher years so far. The word "inside" should be stressed. For the book is selective: it does not pretend to be an objective history. Where Mr Ridley scores is in having ignored the advice of the Cabinet Office, which told him to cut parts of it out, and in letting himself rip.

It was often said of Ridley in office – indeed he says it himself – that he was no good as a "communicator". He has left it late, but the charge has been refuted now: he writes as fluently as any former British cabinet minister has ever done. A more serious charge perhaps is that he is an Old Etonian with a chip on his shoulder, a small but identifiable band in this country. This charge is not refuted entirely. Ridley ought by nature to have been a Tory patrician. Instead he was a Thatcherite through and through: a kind of better-educated Norman Tebbit.

Clearly these apparent contradictions in his character must have bothered Mrs Thatcher at the start. Ridley was one of the original rebels against Prime Minister Edward Heath's U-turns in 1972. By 1974 he was advising Mrs Thatcher to resign from the Heath government. He founded the Economic Dining Club to plot an alternative economic policy. His contacts with Alan Walters, the [redacted] who was to play [redacted] key role in the Thatcher years, began while Heath was still in office. (Ridley now thinks that Walters should be the next governor of the Bank of England, but is realistic enough to admit that it is an unlikely appointment.)

And so it went on. Ridley chaired committees and wrote papers on privatisation and how to defeat the next miners' strike. Yet when Mrs Thatcher reached Downing Street, Ridley was given no more than the most junior job at the Foreign Office. He admits to being bitterly disappointed. Curiously he fails to record that during his stay there he produced a possible peaceful solution for the Falklands, only to be howled down by left and right alike in the House of Commons.

It [redacted] good four [redacted] before Ridley reached the cabinet, first as transport secretary, then at environment, and finally at trade and industry from where he was obliged to resign after his famous Spectator interview criticising the Germans last year.

His book is a mixture of personal apologia and praise for Mrs Thatcher. One of his engaging habits is to admit that he frequently changed his mind. Years ago he was in favour of a federalist Europe and sometimes known as a "federast". In his early years at the Foreign Office, he thought that the Thatcher government was allowing unemployment to rise too high. "Strange how the atmosphere in which one works can lead to one's views coming closer to those of others who have different basic beliefs," he writes.

He can dispense blame and praise to the same person. Thus Sir Geo[redacted] as chancellor "presided over the renaissance of the British economy", but "he was not an easy person to work for: delegation was not a word he understood". Of the early chancellor Lawson he records almost poignantly: "We had been companions in arms over many issues . . . we shared the same basic political and economic philosophy. We were friends, friends who had embarked on a common cause." Now one must assume that they are scarcely on speaking terms.

It was Lawson's decision first to shadow the D-Mark, then to advocate British membership of the exchange rate mechanism that turned Ridley bitterly against him. Ridley, like Enoch Powell whom he claims he tried to save for the Conservative party, believes that the British economy prospers most under a floating rate. A large part of the book is devoted [redacted] that subject. He [redacted] Lawson [redacted] Howe [redacted] ganging up on the prime minister to enforce ERM entry, thus betraying the very principles of cabinet government which they said they stood for. "When Margaret Thatcher is dead and opened," he writes, "it will [redacted] those three letters ERM that will [redacted] lying [redacted] her heart."

Yet at [redacted] Ridley can [redacted] severely critical of his heroine. She was not always good with people, he thinks: either [redacted] choosing them or dismissing them. She should have sacked Lawson as chancellor long before he resigned. The sort of man she admired was Lord King of British Airways, whom Ridley describes as a "tough and determined bully". Much of Mrs Thatcher's 1983-87 term was wasted because she did not undertake fundamental reforms early enough. On public expenditure she had the worst of both worlds: claiming to be cutting and controlling it, while in fact it was growing. If she had managed her leadership campaign better last year – or indeed managed it at all – she would still be prime minister.

Where Ridley differs from previous inside writers, however, is that while being sufficiently independent to see her faults, he clearly liked her and admired her. The news that she had failed to win the leadership election on the first ballot was "one of the saddest moments of my life. I felt that my whole life's work, and the achievements of a decade, were hanging by a thread".

The subject on which he was obviously closest to Mrs Thatcher was Europe, and they seemed to grow closer with time. Perhaps it was generational. I think Ridley is wrong when he writes that British thinking about Europe has "remained very much the same since the end of the second world war", though there is a clear anti-federal streak among some bright young Tories. Yet it is not necessary to agree with all he says to enjoy his book. It is a remarkable work by an unusual man and should be read all the way through.

Malcolm Rutherford

LETTERS

EC not seen [redacted] being at odds with US on Gatt

From Sir Michael Palliser.

Sir, Harry Freeman again alleges differences [redacted] US and EC over the Uruguay Round (Letters, July 9), though the change in tone from his recent criticisms in Geneva (World Trade News, May 22) is welcome. To British Invisibles, in the shape of its Liberalisation of Trade in Services Committee, which has been following these negotiations for just as long as Freeman, the scene looks very different.

European businessmen have been losing no opportunity of stressing to governments how essential it is for substantial results to emerge from the Gatt trade negotiations, and that this is the most important matter on the international agenda for the new world order and prosperity. They have joined their US counterparts in saying so on a number of occasions, since the talks broke down in Brussels in December.

And it would be unfair not to recognise the British government's energetic support.

Results are equally needed by the developing countries, [redacted] in [redacted]tion from state-controlled markets, as well as by the OECD group. The quicker the conclusion, the earlier will the positive benefits be felt. And they are very badly needed in this period of recession. If this Gatt round fails, we shall all have a long wait for another.

We all want the best and most effective set of agreements. It does not help when over-enthusiastic critics try to create unnecessary and unreal divisions between alleged maximalists and minimalists.

Michael Palliser,
chairman,
Liberalisation of Trade in Services Committee,
British Invisibles,
Windsor House,
39 King Street, London EC2

Flawed environmental argument

From Mr Bejoy Das Gupta.

Sir, [redacted] of [redacted] World [redacted] Development Report [redacted] ("Economists' faith in [redacted] consensus' [redacted] old concerns", July 8) [redacted] an astonishing intellectual and [redacted] bankruptcy concerning environmental issues.

The tone [redacted] his argument – from his suggestion that if the 4bn people in developing countries all aspire to Uncle [redacted] way of life global warming will surely become global boiling – seems to be that developing countries should not grow, as otherwise the environment would be degraded. Rather, people in LDCs [redacted] tinue [redacted] live in abject poverty, [redacted] the [redacted] enjoys the fruits of industrialisation.

This is morally reprehensible and intellectuall[redacted] flawed. First, we have to [redacted] whether [redacted] in fact [redacted] trade-off [redacted] growth and environmental pollution/warming. Second, the question then arises of who should bear the burden of adjustment to global warming – people in LDCs often subsisting on less than a dollar's daily income, or their substantially richer cousins in the [redacted] countries, who in [redacted] consume more than [redacted] per [redacted] of world energy production and are the prime polluters. Perhaps a more equitable burden sharing [redacted] from it all.

Bejoy Das [redacted]upta,
58 St James's Street,
London SW1

Trinity College denies that it is hard-pressed to spend its income

From Mr J R G Bradfield.

Sir, I write to correct the misleading Observer comments (July 1) [redacted] Trinity's finances.

[redacted] the old canard: Trinity third only to the Queen and church [redacted] landowner. Wrong! Numerous individuals and institutions hold more land than [redacted]

You [redacted] that we [redacted] minimise revenue. Wrong! We labour [redacted] income [redacted] much as assets – for financing myriad projects within Trinity and outside (the main fund is now 42 times that of 1960, its income 46 times).

You allege we are hard-pressed to spend our income. Absurd! We constantly extend academic expenditures [redacted] maintain Trinity's record as [redacted] centre of [redacted] with more Nobel [redacted] in science than the whole of France, or Japan, or [redacted] other mature substantial [redacted]

We must also maintain Trinity's [redacted] historic buildings (£1m a [redacted] plus £175,000 VAT); and add new buildings for pressing college needs.

Furthermore, our activities extend well beyond Trinity. We constantly support R&D via our Cambridge Science Park. We led in financing [redacted] by others, creating awards in all [redacted] for overseas students after their university [redacted] doubled in 1981; numbers have doubled instead of dwindling, strengthening the university – and [redacted] helpful influence overseas.

We are putting £10m into a free-standing Isaac Newton Trust (chairman, the Prince of Wales, deputy, Sir Robin Ibbs) to encourage exciting developments in the university – operating on a matching funds basis and welcoming support from anyone willing to help. Its activities are legion: £1m to the outstanding Isaac Newton Institute of Mathematical Sciences just created, major support for 20 research projects; £0.5m which triggered off vital extension of the university library; half the cost of 50 much-needed university posts for excellent young academics; 750 Newton Bursaries up to £300 a year each over all colleges, encouraging poorer students who might be deterred by student loans.

Far from my successor being a "middle-aged failure", we shall select an outstanding person with wide and relevant experience and ability.

Finally, your wine cellar innuendo prompts mention of my own chief claim to fame – introducing orange juice to the High Table, where more and more is drunk.

John Bradfield,
senior bursar
Trinity College, Cambridge

Polarised views on Britain's education system

From Sir Charles [redacted]

Sir, Along with thousands of others, [redacted] thanks [redacted] Joe Rogaly for [redacted] piece "Major [redacted] the mark" (June 28).

"[redacted] clever by half" [redacted] the standard conservative response to any potentially successful change. Lord Salisbury, who said it, was a very clever man and so was Iain MacLeod, the then colonial secretary; but Iain turned out to be right and so is John Major.

"Disdain for vocational training and a superior attitude to industry" has, I believe, its origin in old-time Oxbridge and in subsequent gentrification. It has been very damaging, and we must hope that John Major will be able to limit the damage.

But why did Mr Major not aim at another vital mark, "economic individualism", which is about 100 years older than Adam Smith? This idea is now being overtaken by "mutual dependence and obligation" by many of our competitors, to their great advantage. It has its origin in Confucius and is very much alive and kicking [redacted] world markets, including our own.

Charles Villiers,
[redacted] House,
Sunninghill, Berkshire

From Mr Bernard Herbert.

Sir, For the future well-being of British education, I hope that the view expressed in Joe Rogaly's article – that our schools should be separated, as [redacted] the case in Germany, into technical and academic [redacted] – does not take place. The great improvements possible from better hybridisation of practice and theory may not (apparently) be well known or have been studied systematically, but it would be an error [redacted] give up on what [redacted] very much needed. That [redacted] not mean that we should not [redacted] also the arrangements for subsequent vocational training.

[redacted] well as the division referred to above, German education suffers from boundaries between subjects [redacted] practitioners) that are [redacted] rigid. No country in the world comes anywhere near a good standard in [redacted] provision [redacted] education.

Bernard Herbert,
5 Witley Court,
Coram Street,
London WC1N 1HD

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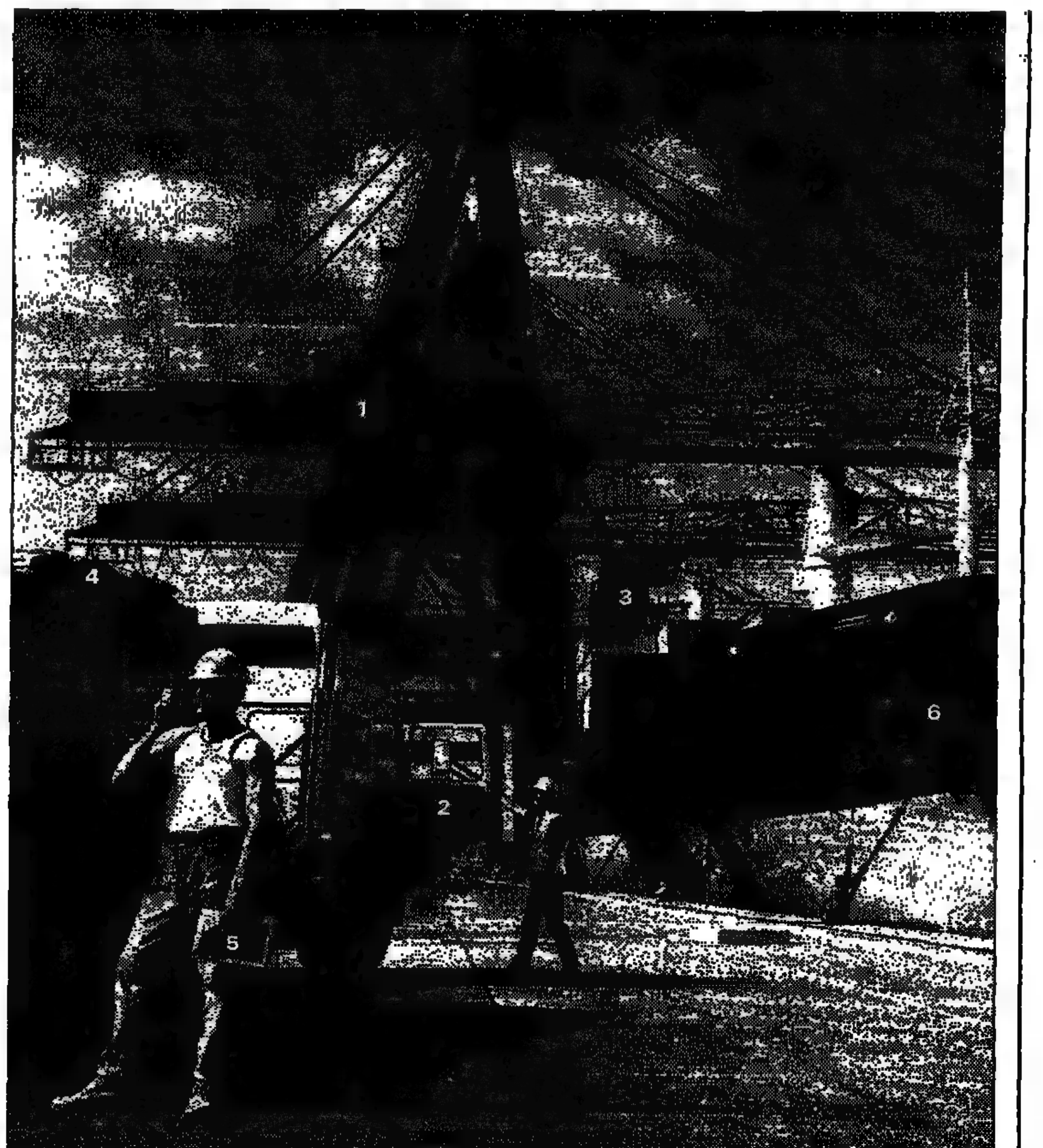

1 *Together with our Düsseldorf team at Trinkaus Montagu, we advised British Steel in the acquisition of Klöckner Mannstaedt, the sectional steel division of Klöckner Werke AG (Germany).*

2 Our Oslo office were appointed as advisors and arrangers for the partial privatisation of Raufoss A/S, (Norway), the state owned munitions, metals and auto-parts manufacturer.

3 *Our German office Trinkaus Montagu, together with our Paris team, advised the construction group Walter Bau (Germany) in its disposal of a substantial interest to Fougerolle S.A. (France).*

4 Together with our [redacted] at Alpha [redacted] we were retained by the Industrial Reconstruction Organisation S.A. to value Heracles General Cement Company (Greece).

5 *Samuel Montagu* [redacted] Group, [redacted] leading UK publisher [redacted] property and building periodicals, in its [redacted] offer from a [redacted] of CEP [redacted] (France).

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FINANCIAL TIMES
Thursday July 11 1991

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Regulator threatens to tighten competition controls on telecommunications group

UK may force BT to split operations

By Hugo Dixon in London

BT, the UK telecommunications group, could be forced to split its long distance and local operations into separate companies in order to promote a competitive market, Oftel, the industry regulator, said yesterday in London.

The threat to break up BT, formerly British Telecom, was made by Sir Bryan Carsberg, Oftel's director general, at a Financial Times conference.

It is reminiscent of the forced break up of AT&T, the US telecommunications [illegible] into long distance and regional companies in the mid-1980s, except that Sir Bryan did not advocate that the separate companies should be sold off.

His idea is that BT would be split into long distance and local subsidiaries owned by a holding company. They would be forced to deal with each other on an arm's-length basis and to give competitors the same terms and conditions.

The aim would be to ensure BT could not use its market power to discriminate against competitors such as Mercury Communications, owned by Cable and Wireless, and cable television companies.

[illegible] Bryan's comments followed Oftel's decision last week to abandon for the time being a plan to allow BT to [illegible] competitors special access fees when they use its network. He had already threatened [illegible] refer BT to Britain's Monopolies and Mergers Commission if it did not agree to the proposals.

He increased the pressure yesterday by saying that a reference would probably ask the MMC to examine the case for a *"legal separation" of BT's long* distance and local networks.

BT said: "Sir Bryan's statement [illegible] week was seen by [illegible] commentators generally as [illegible] U-turn. His comments today seem an attempt to justify the U-turn."

If the issue is referred to the monopolies commission, the planned privatisation of part of the UK government's remaining 49 per cent stake in BT is likely to be delayed.

In a speech which marked a significant toughening of regulatory policy, Sir Bryan made several other suggestions:

- Any MMC reference would *be expected to make a thor*ough investigation of BT's efficiency. As part of this, Oftel would be looking for tighter price controls on the company.

Earlier this year the regulator provisionally agreed that BT should cut its prices by 6.25 per cent in real terms each year. But Sir Bryan said a tighter price control might be necessary to ensure that customers received a fair share of any [illegible] from improvements in efficiency.

- BT might be forced to pay out to customers, by lowering prices, a proportion of any "excess profits".
- *BT might be required to dis*close more financial information to allow rivals to assess the prospects for competing.

FT conference report, Page [illegible]

Press ganged to view ritual swoop

Robert Thomson joins the media audience on a Tokyo police raid

Corporate raiders: Police take documents yesterday from Iwama Kaihatsu group offices

LOOKING OUT of my bedroom window into the street below, I saw photographers talking on mobile phones, television camera crews with lights at the ready, and journalists with pads poised. It could mean only one thing – a police raid.

The raid is a ritual when scandals surface in Japan. Police tip off journalists about times and places, and the media plays its role in the public humiliation of a company or individual deemed to have broken the moral code. Yesterday morning, the ritual was performed in front of my Tokyo apartment block.

Photographers had begun putting their stepladders and stools into prime viewing positions at around 8am, and the television crews decided amicably among themselves who would stand where at the entrance to the US Building. The best spots were just by the entrance of a ground-floor sushi restaurant.

The target company was Hokuto Developments, a property company alleged to have played a role in the complex relationship between gangsters and the affiliates of Nomura Securities and Nikko Securities. A few of the photographers did not know the name of the company involved, but they did know that there was to be a raid at 9am.

There have been raids in Tokyo virtually every day in the past few weeks, and the cameras have always been properly focused to catch the fun. The only unusual thing yesterday was for a foreign journalist to be jockeying for position with the local reporters.

At around 9am a plain clothes, blue-suited police officer walked over to the waiting pack to express his humble apologies. His fellow officers were a little late. I came over to get a few details, and he turned to the Japanese journalists, smiled, said "a foreigner", went a little red, and then walked away. The reason for a well-publicised morning raid is to make sure that the offending company makes the evening news and the afternoon newspaper editions. The Financial Times did not quite fit into the officer's expected cast of characters, but he didn't mind and the wait continued for the Japanese version of The Untouchables.

A few minutes later, 10 serious-minded men strode toward us, most in blue suits and all wearing red arm bands, probably to distinguish them from other blue-suited Japanese men. The lights [illegible] switched on, the cameras rolled, the photographers photographed, and the raid began.

Unfortunately for the serious-minded men, the office of Hokuto Developments is on the seventh floor, Room 702, and the lift in the US Building has difficulty taking 10. In full view of the cameras, the lift doors kept opening and closing, as the 10 were determined to ride together and the lift was determined not to take them. More Keystone Cops than The Untouchables.

The journalists took [illegible] stairs, and the police allowed a few seconds of filming inside [illegible] Hokuto office before [illegible] door was closed and the work of sifting through files began. Hokuto was one [illegible] companies raided yesterday [illegible] police sought [illegible] gather [illegible]dence to bring a case against Mr Susumu Ishii, the former gang boss at the centre of the Nomura and Nikko scan[illegible]

Police also searched a golf course management company called Iwama Developments, as well [illegible] Iwama Country Club, [illegible] journalists were also standing in wait. It [illegible] alleged that Mr Ishii used a series of companies to transfer illegally to the US the funds he raised from the two brokers' affiliates.

US remains cautious [illegible] Sovi[illegible] reforms

By Peter Riddell, [illegible] Editor, in Washington

THE US will take a cautious view of Soviet economic reform proposals until it sees what specific plan President Mikhail Gorbachev is prepared to endorse at his meeting next week in London with the leaders of the Group of Seven industrial countries.

Reflecting the impatience and uncertainty in Washington about the Soviet leader's commitment to economic reform, Mr Nicholas Brady, the US Treasury secretary, said yesterday:

"Almost every day, we get some slight variation. I think we're just going to have to wait and see what shows up," he said.

Mr Brady expected special associate status for the Soviet Union with the International Monetary Fund and the World Bank to be endorsed by the G7. This would provide advice rather than money.

Senior US officials are unclear how far Mr Gorbachev is willing, or able, to go in the direction of a market-based economy, and say they have heard widely-contrasting ideas from Soviet leaders and economists.

Following [illegible] weekend's meeting of "sherpas", or leaders' personal representatives, the US is confident that the G7 will agree an approach which makes [illegible] limited, direct assistance dependent on the adoption of a specific programme of economic reconstruction.

Mr Brady yesterday, however, dismissed suggestions of a "grand bargain" involving the granting of large-scale assistance in return for far-reaching reform.

He said it had been pretty well understood that "the idea of a grand bargain with some big pot of gold is one that he [Mr Gorbachev] will not come to London to ask for, and that the participants of the western democracies at that meeting would not regard as a way that would advantage the cause of the Soviet Union at this time".

During a pre-G7 briefing, Mr Brady confirmed that the US would [illegible] at the London meeting for a commitment to a growth strategy involving lower real interest rates around the world and a suc[illegible] outcome [illegible] the Uru[illegible] Round which breaks down trade barriers.

- President George Bush yesterday expressed his "high regard" for Mr Alan Greenspan, chairman of the Federal Reserve, and promised a decision "soon" on his reappointment, Peter Riddell reports. Mr Greenspan's four-year term expires in a month and his reappointment is generally expected. Mr Bush said that "because there's been some ugly speculation, I'd like to move on it soon."

THE LEX COLUMN

Risky rewards in South Africa

President Bush was pipped to the post by the Olympics committee in this week's rush to rehabilitate South Africa. But his decision to lift financial sanctions will certainly hasten the discreet reassessment of the Johannesburg market that has been under way among international institutions for some time. The difficulty lies *in determining how far the* psychological boost from lifting sanctions will distract attention from the dismal fundamentals. South Africa's economy is in deep recession. Despite the Reserve Bank's exceptionally tight monetary policy, inflation remains stuck in the 13 to 14 per cent range. Political risk remains considerable. So it was not unnatural that yesterday's euphoria was dampened by local profit-taking, leaving the Johannesburg all-share index up little more than [illegible] per cent [illegible]

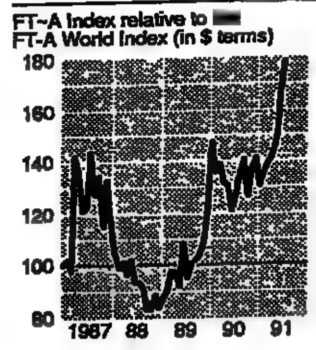
In theory, [illegible] for US banks to resume lending should ge[illegible] capital imports which would finance [illegible] In practice, [illegible] banks now have such a general aversion to this kind of [illegible] that they are unlikely to rush in without the backing of an International Monetary Fund programme. Yet South Africa is still neither politically acceptable enough nor sufficiently distressed economically for the IMF to step in. Private loans are more likely to be restricted to bond issues and private placements subscribed by German and Swiss investors. The volume of such issuance is growing sharply, however, and one question for the authorities is how to square the use of this money to rebuild the economy with the continuing inflation constraint.

The assumption is that the government will have to *switch to a reflationary track*, if only because rising living standards are an essential prerequisite of political stability. That explains why foreign investors are now more inclined to focus on industrial stocks with recovery potential than on traditional mining shares. But this dawned on the local market some time ago, so that shares like SA Breweries now trade on fancy multiples of around 20 per cent.

Still, such institutions as are now prepared to suppress their qualms may well pay heady prices. The inflow of foreign money has already squeezed the financial rand discount to around 8 per cent from an average of 24.3 per cent in 1990. *The discount is likely* to narrow further, but in the process foreign investors will lose a traditional incentive against [illegible] and political risk. Since the currency regulations allow them to buy shares with cheap financial rand but receive dividends in more highly-valued [illegible] rand, they [illegible] a built-in yield boost which will dwindle with the difference between the [illegible] rates. For the prudent long-term investor, the case for South African investment is still less than compelling.

FT-SE Index: 2,508.4 (+20.5)

South Africa



Source: Datastream

Dixons

The 59 per cent recovery in Dixons' UK retailing profits in last year's second half is strikingly at odds with the general picture in the high street. It also raises the question of whether the glamour stocks of the 1980s can come back from the dead. Since the turn of the year, Dixons' share price has risen by 57 per cent, well ahead of such stalwarts as Boots or Marks and Spencer. But over the past decade, Dixons' shares relative to the market show the kind of Alpine pattern *familiar from such as Saatchi*, Maxwell and Beazer: straight up to a peak in the mid-decade, then all the way down again. With most such shares, subsequent recovery has turned out to be what is vulgarly known in the trade as a dead cat bounce. Can the ex-glamour retailers fare any better?

The picture is slightly complicated by the fact that the same Alpine pattern prevails for the stores [illegible] as a whole. Since its peak relative to the market in November 1985, the sector has underperformed by more than a third. But it is instructive to look at the picture within the sector since that peak. The two worst performers are those two clas*sic outmoded images of the* 1980s, Next and Burton, which have underperformed the market by 93 per cent and 92 per cent respectively. The best is the modish green stock of the 1990s, Body Shop, which has outperformed by 465 per cent and is now worth a good deal more than Next and Burton put together. The other top performers consist of such relative newco[illegible] T&S Stores, Alexon and Amber Day, each now worth over £100m.

The 45 per cent underperformance by Dixons over the period puts it toward the lower and outmoded end of the spectrum. It can be argued that it entered the retail recession earlier than its peers, and that big-ticket items like [illegible] and washing machines have to be replaced sooner or later. But last year's rise in Dixons' UK profits was due chiefly to cost [illegible]vings which are now largely [illegible]mplete, [illegible]ving the company at the mercy of a still reluctant consumer. *It is also worth* recalling that last year's earnings per share were 35 per cent down on three years before and that this year's may be little [illegible] historic p/e of 17.5 and a yield of 3.5 per cent, Dixons' shares may have had their recovery already.

Sterling bonds

Corporate treasurers might seem to lack faith in the prospect of ERM membership producing further falls in long-term rates. British Steel was yesterday the latest company to pay dearly in the corporate bond market, at 11.43 per cent fixed over 25 years. But the thinking behind a trend which has now produced £1.3bn in corporate bonds this year from such as British Aerospace and MEPC has only partly to do with absolute interest levels. Equally important has been the volatility [illegible] rates, encouraging companies to seek a predictable alternative to bank finance.

At the same time, institutions are under-in[illegible] fixed rate paper and prepared to buy corporate issues on relatively low spreads above gilts. This window may be closing, however, now that the government is stepping up its borrowing. British companies could always try their luck in the D-Mark sector; but yields there are now not that far below gilts, so the savings probably do not outweigh the currency risk. Still, there is something disturbing about justifying the issuance of high fixed-rate paper on the grounds that a cost of just under 12 per cent *corresponds roughly* to the average paid to bank lenders in the last decade.

US probes dumping of mini-vans

By Nancy Dunne in Washington

SUFFICIENT [illegible] exists to *continue an investigation into* the dumping in the American market of Japanese mini-vans, [illegible] US International Trade Commission said yesterday.

The investigation follows a complaint by the US motor industry – its first in 15 years – which claims that Mazda and Toyota have gained US market share by selling mini-vans below "fair value" prices.

The industry said the Toyota Previa mini-vans had been priced at 5.4 per cent to 30.5 per cent below fair market value; and that Mazdas had been priced at 14.8 per cent to 27 per cent below.

The Commerce Department has agreed to investigate the charges. The ITC yesterday also agreed to a more extensive *investigation to determine* whether the US industry had been injured by mini-van imports. The commissioners yesterday focused on [illegible] industry results.

"During the most recent quarter, every industry performance indicator shows consistent double digit declines from the same 1990 period," said Mr Don Newquist, ITC commissioner. "At the same time, allegedly dumped imports from Japan were significant, increasing both in terms of volume and market share.

Bank of England faces BCCI suit

By Our Financial and Foreign Staff

SOLICITORS acting for BRS Kumar, a Manchester-based textile company, plan to issue writs today against the Bank of England for negligence and a breach of its statutory regulatory duty arising from the closure of Bank of Credit and Commerce International.

It [illegible] the first such legal [illegible] against Britain's central bank over its role in the BCCI closure last Friday after the discovery of alleged large-scale fraud. Last night [illegible] Bank [illegible] England declined to comment.

Mr Ramesh Kumar, who owns the Manchester company with his brothers, criticised the way the Bank of England and the liquidators had [illegible] with regard to businesses caught up in the closure. "We are [illegible] sound business and have been well-established for more than 20 years. But as [illegible] last [illegible] Friday we were not allowed to function as a [illegible] enterprise," he said.

"Businesses have just not been able to continue trading [illegible] of the [illegible] of official information. [illegible] still [illegible] not know [illegible] our position is regarding our BCCI accounts, [illegible] commercial mortgages."

In other developments:

- Luxembourg's banking regulator dismissed as speculation attempts to put a figure on the losses at BCCI. "Because there was allegedly fraud, all the figures have to be looked at again from scratch," said Mr Pierre [illegible]aans, director-general of the Institut Monetaire Luxembourgeois. "Estimates [illegible] $15bn [of losses] for [illegible] group with assets of $20bn are just fantasy."
- Discussions between the UK and Abu Dhabi, [illegible] ruler [illegible] other [illegible] together own 77 per cent of BCCI, over [illegible] shutdown ended and officials returned to [illegible] Gulf emirate [illegible] urgent [illegible]cussions with their government.

Some reports spoke of continued [illegible] among the Abu Dhabi authorities but the Bank of England said there was "a continuing dialogue" between the [illegible] countries.

- In the UK, the Association of District Councils, an umbrella body for local governments, warned that more than [illegible] authorities could lose as much [illegible] £100m [illegible] of public money as [illegible] result of the closure of BCCI.

The ADC said it had learned [illegible] 30 authorities with BCCI deposits, totalling more than £40m but that as many as 50 to 60 could be involved.

Worldwide round-up, Page 7
Editorial comment, Page 10

The patriarch upstages the president's inauguration

Continued from Page 1

the l[illegible] of Russia; I will preserve its sovereignty, defend the rights and freedoms of man and citizens and the rights of the people of the Russian federation and faithfully carry out the duties laid upon me by the people."

A curtain rose behind him, and through a gauze screen could be seen a military band and a choir which belted out the new Russian anthem, adapted from Glinka's opera Ivan Susanin: at the same time two vast television screens showed the Russian flag being raised on the palace's roof.

Mr Yeltsin gave the stage to the patriarch, then returned to the podium to tell Moscow's elite that "we are confident that we will turn her into a prosperous, democratic, peace-loving, law-governed and sovereign state.

"Having lived through so many trials, with clear aims before us, we firmly believe – Russia will revive!"

Mr Gorbachev came on and tried a little joke: "What's so special about this, some might say? Just one more president appeared in the country." The laughter was scattered and nervous: Mr Yeltsin impassive.

"I don't think so," he hurried on. "An important event took place ... the introduction of the presidency in Russia is a logical result of the democratic changes brought about by the perestroika process"

The old president then walked across the stage to shake hands with the new one, and to walk with him down to the front row of the stalls. It is as well they seem on good terms: it was revealed at the ceremony that Mr Yeltsin is moving into the Kremlin to work, and thus the two men will be able to call across the courtyard to each other – a wise move, given Moscow's telephone system.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	26	79
[illegible]	S	31	88
Amsterdam	S	22	72
[illegible]	S	31	88
[illegible]	S	35	95
Bangkok	F	35	95
Barcelona	S	27	81
Beirut		–	–
Belfast	C	16	61
Belgrade	S	31	88
Berlin	F	22	72
Biarritz	S	33	91
Bombay	C	27	81
Bordeaux	S	31	88
Boulogne	F	22	72
Brussels	S	22	72
Budapest	F	32	90
Buenos Aires	R	13	55
Cairo	S	33	91
Cape Town	C	14	57
Caracas	C	29	84
Casablanca	S	27	81
Chicago	[illegible]	16	61
Cologne	S	25	77
Copenhagen	F	21	70
Corfu	S	30	[illegible]
[illegible]	S	24	75
Dublin	C	16	61
Dubrovnik	S	32	90
Edinburgh	C	19	66
Faro	S	31	88
Florence	C	31	88
Frankfurt	S	27	81
Geneva	S	26	79
Gibraltar	S	26	79
[illegible]	C	[illegible]	64
Helsinki	R	22	72
Hong Kong	F	30	86
Innsbruck	F	26	79
Inverness	R	17	63
Islamabad	F	37	99
Istanbul	S	28	82
Jakarta	F	32	90
Jersey	C	23	73
Johannesburg	S	12	54
[illegible]	C	21	70
Lisbon	S	[illegible]	88
London	F	23	73
Los Angeles	C	18	64
Luxembourg	S	26	79
Madeira	S	23	73
Madrid	S	33	91
Majorca	S	30	86
Malaga	[illegible]	[illegible]	[illegible]
Malta	S	26	79
Manchester	F	20	68
Manila	R	28	82
Melbourne	C	9	48
Mexico City	C	26	79
Miami	F	28	82
Milan	S	27	81
Montreal	C	18	64
Moscow	S	20	68
[illegible]	S	26	79
Nairobi	C	21	70
Naples	F	32	90
Nassau	C	33	91
New Delhi	S	35	95
New York	S	22	72
Nice	[illegible]	[illegible]	82
Nicosia	S	30	86
[illegible]	S	19	66
[illegible]	F	23	73
Paris	[illegible]	26	79
Peking	[illegible]	[illegible]	86
Prague	F	23	73
Reykjavik	F	16	61
Rhodes	S	29	84
Rio de Janeiro	F	28	82
Rome	S	28	82
Salzburg	[illegible]	26	79
San Francisco	[illegible]	11	52
Seoul	F	27	81
[illegible]	F	30	86
Stockholm	[illegible]	19	66
Strasbourg	S	29	84
Sydney	R	11	52
Taipei	C	35	95
Tangier	S	33	91
Tel Aviv	S	27	81
Tenerife	S	24	75
Tokyo	C	26	79
Toronto	S	16	[illegible]
Tunis	F	28	82
Valencia	S	32	90
Venice	S	28	82
Vienna	F	28	82
Warsaw	F	25	77
Washington	C	25	77
Zurich	S	26	79

Temperatures at midday [illegible] C-Cloudy [illegible] F-Fair Fg-Fog H-Hail [illegible] S-Sunny [illegible] T-Thunder

ADVERTISEMENT

NEWS REVIEW
BUSINESS

Electronic Mail [illegible] HM Customs and Excise

Under a contract [illegible] Customs and Excise, Ferranti International *Information* Systems, has installed what is believed to be the largest X400 electronic mail network outside the USA. The network has over 180 nodes installed in major offices throughout the UK.
[illegible] network provides OSI Standard, [illegible] and [illegible] Customs and Excise [illegible] across the UK from Inverness to Penzance and has been tailored by Ferranti to provide an optimum integration path for the Customs and Excise current organisational structure. This installation consolidates the Ferranti International position as a leading supplier of OSI Standard communications software.

Sonar for Faslane

Ferranti *International* has delivered a sonar man machine interface trainer to the Royal Navy's Clyde submarine base at Faslane.
Built by the Ferranti Simulation and Training facility based in Cwmbran, the stand-alone trainer forms part [illegible] the AS1104 submarine command team [illegible] tract awarded [illegible] for the Vanguard Class submarine programme.
The trainer caters for eight trainees using Sonar 2054 type consoles and a single instructor console integrated via a local area network and fileserver. [illegible] trainer uses the TenCORE authoring language [illegible] produce [illegible] lessons, supported with comprehensive display utilities, providing realistic dynamic sonar displays, and digital audio of both instructional and [illegible] aurals.

Airport system success at Schiphol

Ferranti International [illegible] won a prestigious [illegible] worth [illegible] £4.5m [illegible] supply and install [illegible] new flight information system (VISUM) [illegible] Amsterdam Airport Schiphol.
The order placed by the Schiphol Airport Authority is part of major expansion programme at Amsterdam Airport, 'Schiphol 2000'.
Chosen as the main contractor, Ferranti is to act as Systems Integrator and Software Supplier, working closely with a number of Dutch firms in supplying the systems hardware. Intersystems, [illegible] Dutch firm, will act as one [illegible] the key sub-contractors for Ferranti, supplying the [illegible]vision monitors for public displays at the airport.
The software will be the latest version of the Ferranti Airport Management System and will operate in an open system environment.
Ferranti, already existing suppliers to a number of major European airports such as Manchester, Zurich, Geneva, Lisbon, Faro, Zagreb, Copenhagen and London Heathrow, were chosen because [illegible] experience as systems integrators and [illegible] application suppliers in this field.

West Yorkshire Police now better informed

[illegible] Yorkshire [illegible] has placed a £2.8m contract with [illegible] International Command, Control and Communications (C3) Systems for the supply of an Incident Based Information System (IBIS).
Based on fault tolerant Tandem Integrity S2 UNIX processors and the Informix RDBMS the system will provide the Force with [illegible] of Resource and Response Management software.
[illegible] new system, to replace the Force's ageing Command Control network, is expected to be operational by early 1993.
Ferranti International won this order against the fiercest competition and this will provide the platform on which to build a further impressive reputation in [illegible] Civil C3 Sector.

FERRANTI INTERNATIONAL

IMI

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IMI plc, Birmingham, England.

FINANCIAL TIMES
COMPANIES & MARKETS

■ THE FINANCIAL TIMES LIMITED [illegible]

Thursday July 11 1991

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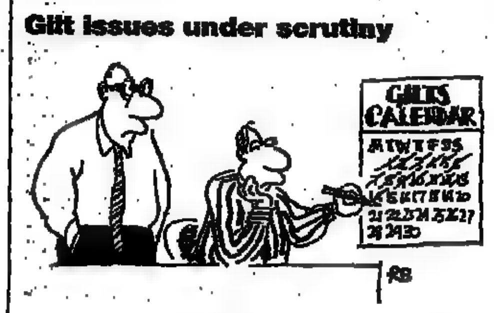
INSIDE

Ryan sells 4.9% stake in Bank of Ireland

Tony Ryan, the Irish businessman, [illegible] sold his 4.9 per cent [illegible] in Bank of Ireland and has resigned from the board. Mr Ryan, chairman and chief executive of the Shannon-based GPA aircraft [illegible] group, said he could no longer devote the requisite time and attention to the bank because of his [illegible] ments. Page 20

Gilt issues under scrutiny



The Bank [illegible] England is likely to come under pressure today over the way that it issues government bonds. Dealers from the 18 gilt-edged market makers are pressing for change, most notably in the Bank's auction system. Among suggested improvements to the system is the introduction of a regular calendar of auctions, similar [illegible] that operated in the US [illegible] France. Page [illegible]

Sharon, Debbie and Anne

Etam

Etam, [illegible] UK [illegible] group under [illegible] Investment Corporation of South Africa, is trying to stretch the age-[illegible] of its traditional [illegible] by appealing [illegible] both older and younger age [illegible]. Success in [illegible] 60 year-old groupings – known [illegible] Sharon, [illegible] Anne [illegible] the [illegible] – [illegible] help Etam [illegible] retailing recession and fend off unwelcome suitors. [illegible]

Mild baptism of [illegible]

Question time [illegible] the [illegible] Spencer annual general meeting proved [illegible] a mild baptism [illegible] fire for Richard Greenbury, the [illegible] new [illegible] a poor sales performance during [illegible] first [illegible] months of the current year, generous praise was mixed with mild complaints about such things as the absence of South African wines at some branches [illegible] larger-sized clothing in Yorkshire. Page [illegible]

Bolivia shines up its mines

When the [illegible] tin price crashed in [illegible] were as hard hit [illegible]. The [illegible] mining industry's [illegible] helped fuel a [illegible] per cent annual inflation and the Bolivian government [illegible] than half the tin mines [illegible] miners. Now, tin appears to be making a come-[illegible] 24

Chief [illegible] changes [illegible]

FRANKFURT (DM)

Rises			
Dresdner Bank	350	+	7
Gerresheimer	432	+	11
Metallgesellschaft	520.5	+	31.3
Sud Chemie	590	+	[illegible]
Falls			
Colonia Vers	1005	−	60
Wella Prf	653.5	−	[illegible]

NEW YORK ($)

Rises			
Ashton-Tate	16⅛	+	4⅞
Intel	47	+	1¼
Nike	43⅛	+	2⅛
Sun [illegible]	30¾	+	1⅛
Falls			
Borland	48	−	1⅝
California Bio	11½	−	¾

New York prices as at 12.30

PARIS (FFr)

Rises			
Bancaire Cie	492.5	+	[illegible]
Géophysique	758	+	[illegible]
Sommer-Allibert	1475	+	57
Total Fr Pet B	814	+	28
Valeo	512	+	29
Falls			
Skis Rossignol	613	−	17

TOKYO (Yen)

Rises			
Asaki	[illegible]	+	105
Iwata Air Comp	[illegible]	+	100
Japan Metals	719	+	99
Nippon Kakoh	701	+	131
Nippei Toyama	1160	+	[illegible]
Tokyo Rika	752	+	120

LONDON (Pence)

Rises			
BWD Secs	54	+	[illegible]
Betacom	20	+	[illegible]
[illegible]	578	+	22
Charter Cons	480	+	13
[illegible]	763	+	13
Johnson Matthey	312	+	10
Pearson	700	+	14
Rank [illegible]	660	+	17
Real Time Cntrl	71	+	9
Reuters	782	+	29
SD-Scicon	51	+	[illegible]
Scottish TV	393	+	48
[illegible]			
ADT	610	−	33
Alan Paul	101	−	5
Bank of Ireland	[illegible]	−	[illegible]
Dolphin Pack	131	−	7
WPP	93	−	15
Wyko	48	−	[illegible]

Continental [illegible] to curb losses in US

By Andrew Fisher in Hanover

CONTINENTAL, the German tyremaker engaged in co-operation talks with Italy's Pirelli, [illegible]terday said it was having to take strong action to curb [illegible] losses in the US.

"It's the most [illegible] problem Conti's got," Mr Alan Ockene, the new director in charge of General Tire, [illegible] US subsidiary, told the annual meeting.

After losses by General Tire of about $50m last year, analysts estimate a near doubling in 1991. Mr Ockene, formerly with Goodyear, the US tyre group, said this was not far off the mark.

The sharp deterioration in Continental's North American performance is likely to have an important influence on the conduct of the talks with Pirelli, following the rejection of the latter's original merger terms.

These were vigorously opposed by Mr Horst Urban, ousted as chief executive in May after the supervisory board decided his approach to Pirelli was too combative at such a time of crisis in the industry.

Yesterday, the board confirmed at the annual meeting that Mr Hubertus von Grünberg, formerly with ITT's [illegible] division [illegible] the US, had been chosen as his successor.

Continental said little about the talks [illegible] Pirelli. Mr Ulrich Weiss, the Deutsche Bank executive who heads the tyre company's supervisory board, [illegible] the [illegible] studying the [illegible]sible benefits [illegible] co-operation. "It is most important that we come to a quick decision," he added. "Can it be justified financially?"

Mr Wilhelm Winterstein, acting head of the management board [illegible] Mr Urban's departure, said "no substantive results" had yet emerged from the talks, which had lasted only six weeks, but they were taking place "in a friendly and constructive atmosphere".

He told shareholders that falling vehicle output in the [illegible] had hurt the [illegible] and repeated his warning [illegible] Continental's net profits this year would be lower than [illegible] year's [illegible] down from DM228m in [illegible] The North American plants were being restructured, administrative staff shed, retail outlets sold, [illegible] inventory [illegible] reduced.

Mr Winterstein hoped GT's losses could be halved in 1992, with break-even in 1993 and "a suitable return" in 1994. He was also concerned about falling car sales in European markets.

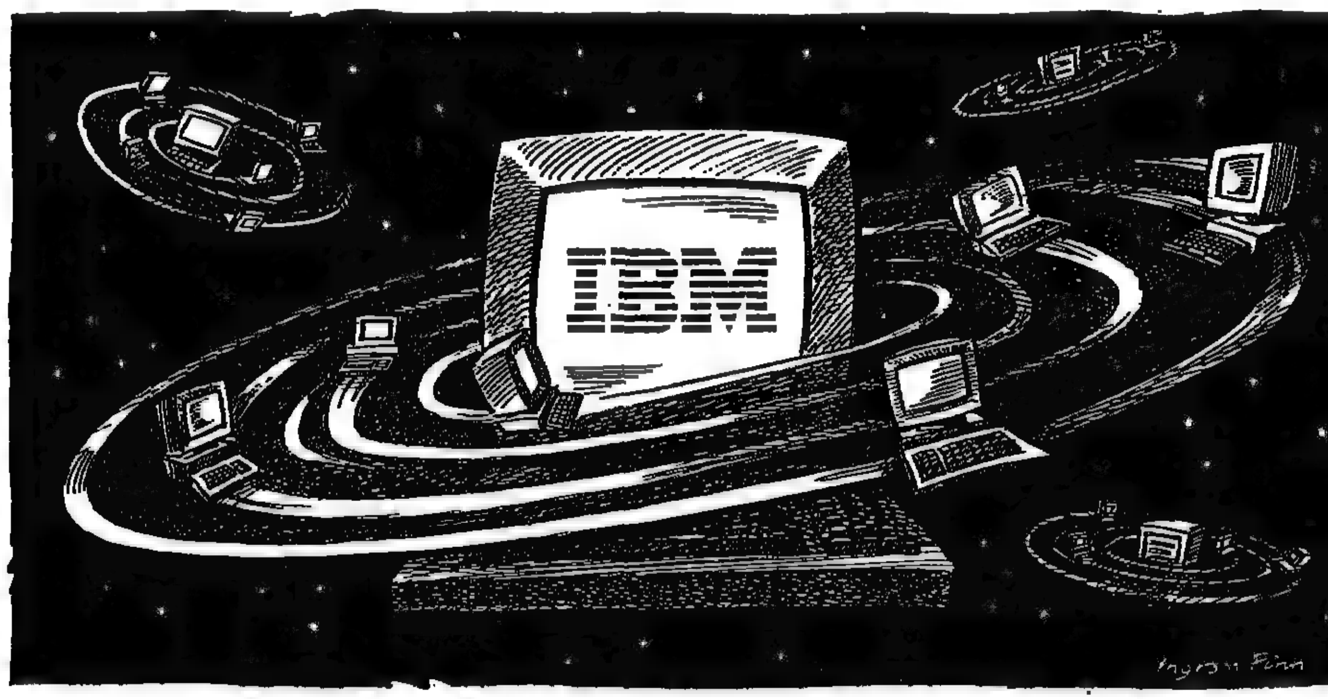
Mr Ockene, speaking outside [illegible] said between $3m and [illegible] US losses could be eliminated next year by selling tyre retail units. Lower inventory could save $15m. He also indicated that capacity cuts were planned and that talks with Pirelli included co-operation [illegible] the US.

Turnover of Continental this year should rise by 10 per cent to around DM9.5bn, although this would be only 4 per cent without new acquisitions, Mr Winterstein said.

In the first half, turnover was up by 12 per cent at DM4.5bn. Turnover of GT was down, while European tyre sales were stronger, helped by the strength of the German market.

Alan Cane looks at deals which could reshape the computing universe

IBM explores pc frontiers



Senior [illegible] speculating [illegible] future [illegible] the computer industry increas[illegible] subscribe to the "solar system" theory. This holds that by the year 2000 only two US and two Japanese computer manufacturers will remain. The rest will have been pulled in to their orbit through mergers and acquisitions.

So the news last week that International Business Machines (IBM) and Apple Computer plan to collab[illegible] in the development of [illegible] new generation of systems software sent a *frisson* of anticipation through the global [illegible]

It was the third announcement in as many [illegible] partnership between IBM and another large computer manufacturer. Wang Laboratories of the US [illegible] Siemens of Germany have both agreed [illegible] work [illegible] the [illegible] largest computer manufacturer. Wang will sell IBM's mid-range machines and personal computers, while Siemens will help IBM finance and produce the latest generation of semiconductor memories. IBM [illegible] a myriad of [illegible] with smaller players.

All three partnerships have the potential to redraw the balance [illegible] in the world computer industry. All are designed to h[illegible] IBM in product areas where it is losing market share to other manufacturers.

IBM's partners will benefit through new avenues of growth – and, in the case [illegible] Wang, the deal means survival.

Wang, an [illegible] in office systems durin[illegible], missed the personal computer (pc) boom and has been struggling ever since. Its deal with IBM essentially puts paid to its image as an inventor of innovative computer architectures. Wang will sell IBM's mid-range AS/400 series, its RS/6000 workstations and its personal computers.

Wang will continue to work on its advanced imaging systems for the office. "There was no alternative for us," says Mr Ken Olisa, senior [illegible] Wang Europe. The deal [illegible] IBM access to thousands of [illegible] for mid-range and departmental machines.

Siemens' deal with IBM on the production of 16m bit memory chips, the most sophisticated yet developed, appears to end hopes that Europe's three chipmakers – SGS-Thomson, Philips and Siemens – might pool their efforts in semiconductors. Not one of them is making money from semiconductors and there is no suggestion that a merger might improve matters. IBM, however, is keen to ensure a strong European source of semiconductors and has been working with Siemens on memory chip design for some time. Research by the two companies leading to a 64m bit memory chip for production in 1994/95 is said to be well advanced.

IBM's plans with Apple cover four key areas: "open" systems software; the integration of Apple's personal computers into IBM's large [illegible] networks; the development of Apple computers [illegible] on IBM's high-powered workstation [illegible]sors; and a standard [illegible] to multimedia – the integration of voice, data, video and [illegible]

SHARE OF WORLD PC MARKET

	Market share [illegible] IBM	Market share [illegible] Apple	Unit sales* (millions)	Value* [illegible]
[illegible]	11.2	9.2	[illegible]	32.4
[illegible]	11.2	7.4	[illegible]	41.7
1990	11.9	[illegible]	24.1	[illegible]

* Combined figures   Source: Dataquest

Apple and IBM plan to form [illegible] company, jointly owned and managed, to develop new computer operating, or systems, software. Systems software, [illegible] package of computer programs [illegible] controls the internal [illegible] of the hardware, determines which applications can be run on a particular system.

Developers [illegible] applications software – programs which do specific tasks, such as accountancy or word processing – are increasingly anxious to write programs only for "open" systems. These run on many different makes of machine.

Control of the specification for industry standard systems software can, therefore, be a powerful advantage for a computer company.

But there are serious doubts in the industry over the [illegible] of [illegible] systems software partnership between IBM and Apple.

Many hark back to an agreement [illegible] few years ago between Apple and Digital Equipment Corporation which would have led to software linking the two companies' machines. Little of consequence emerged.

IBM and Apple's corporate cultures are also very different. IBM is a rigid, hierarchical organisation which works by the book; Apple retains much of the easy-going approach of its Californian founders.

Finally, the two companies have long been deadly rivals. Apple, in effect, "owned" the personal computer market until 1981. Then IBM made it respectable for corporations to use personal computers with the launch of its own range.

Since then, IBM has been the pc market leader and [illegible] the standard for corporate personal computing. Its share of the world market, however, which was almost 40 per cent in the early [illegible] of the personal computing revolution, has now been reduced to about [illegible] per [illegible] by cost-cutting and competition.

Apple – with about 7 per cent of the worldwide market – has never been hugely successful in selling into corporate accounts. Its Macintosh technology, based on creating the image of a desktop on the screen, has been seen as an aid for the occasional computer user rather than essential to the professional.

One key to the new relationship is the threat posed to both companies by Microsoft, the world's largest software company. Microsoft makes the operating software for IBM's computers. It also makes a dramatically successful product called Windows which mimics Apple's Macintosh technology.

Customers running Windows get most of the benefits of the Macintosh for the price of a cheap IBM clone; Apple's competitive differentiation is at risk.

The relationship between IBM and Microsoft, once close, has deteriorated. Microsoft is becoming more enthusiastic about promoting [illegible] than OS/2, the operating [illegible] it wrote for IBM's current computer range.

Microsoft is also a leading light in a consortium of hardware and software vendors called Ace. The consortium includes [illegible], the leading manufacturer [illegible] high-performance personal computers, and Digital Equipment, IBM's traditional competitor. IBM is not a member of [illegible]

Apple [illegible] to benefit from the IBM partnership through acceptance of its computers and Macintosh technology in large corporations. IBM's involvement seems to be an attempt to loosen its dependence on Microsoft and industry consortia which want to establish non-IBM standards.

Italian treasury minister answers attacks on BNL

By Haig Simonian in [illegible]

ITALY'S treasury minister, Mr Guido [illegible], yesterday gave the government's first [illegible] response [illegible] Nazionale del Lavoro (BNL), [illegible] bank which has [illegible] criticised for its role in lending to Iraq and to the bankrupt Federconsorzi farm services group.

Mr Carli rejected speculation that the [illegible] could [illegible] put under government supervision.

Gross profits in the first five mon[illegible] had risen by [illegible] than 50 per cent [illegible] ($367.4m) [illegible] parent bank level, compared with the corresponding period in [illegible]

Net of charges for [illegible] pay[illegible] in [illegible] profit rose by 30 per cent to L400bn in the same period.

"BNL is still capable of meeting the challenges of the internal [illegible] international market", Mr Carli said.

Foreign bankers have attacked BNL's [illegible] accept responsibility for the borrowings of Agrifactoring, a factoring group linked with Federconsorzi. They say BNL should be liable for the L240bn loans to Agrifactoring they provided. [illegible] have suspended trading or credit lines.

The BNL group provides the top management and owns 50 per cent of Agrifactoring, which this week applied for bankruptcy.

Mr Carli [illegible] BNL group'[illegible] Federconsorzi and Agrifactoring is higher than expected. BNL and its subsidiaries were owed L224bn by Federconsorzi and L346bn by Agrifactoring, he said.

The bank had put group exposure [illegible] the [illegible] companies [illegible] L230bn [illegible] respectively.

London-based bank rating [illegible] IBCA [illegible] month it [illegible] reviewing [illegible] in view of its problems.

Separately, BNL is being investigated by an Italian parliamentary committee concerning some $3bn in unauthorised letters of credit to Iraq from its Atlanta branch, discovered in 1989.

Mr Carli said BNL's unguaranteed exposure to Iraq totalled $1.5bn. No specific provisions had yet been made for this as the credits had not yet matured, but the bank had put more than half its total exposure to developing countries, including Iraq, into reserve funds.

Mr Carli said BNL's total exposure for bad loans was L1,293bn, though it only expects to lose about L930bn on those.

Borland to acquire Ashton-Tate

By Martin Dickson in New [illegible]

BORLAND International, a fast-growing US computer [illegible]ware group founded only eight years ago, yesterday launched [illegible] $430m agreed bid for loss-making Ashton-Tate.

Borland is headed by Mr Philippe Kahn, its 39-year-old French founder, who has transformed [illegible] from [illegible] seller of esoteric programming languages into a challenger to Ashton-Tate and Lotus Development in the personal computer (pc) database and spreadsheet markets.

Ashton-Tate, which has reported four consecutive quarters of losses, dominated the pc database market for years. But it has failed to keep up with technical change and delayed shipping [illegible] long-awaited version of its most important dBase product. Its chief executive for the past five years, Mr Edward Esber, resigned at the end of April and the company admitted then that it might be for sale.

Mr Kahn said yesterday that the two companies [illegible] an [illegible]lent strategic fit. The deal would allow Borland to provide a full range of software products – from databases and spreadsheets to graphics and programming – especially in the emerging market of client-server computing. This involves a host, or server computer, providing data to "client" workstations.

Mr William Lyons, the new chairman [illegible] Ashton-Tate, said [illegible] would benefit from the two companies' complementary product lines, distribution [illegible]nels, Ashton-Tate's global operation and Borland's role as a leading developer of object-oriented business software – an advanced computer program that can run [illegible] different types of machine.

However, Wall Street took a mixed view [illegible] the [illegible] analysts were enthusiastic while others asked why Borland needed to buy Ashton-Tate when it was making such strong headway against it in the market.

The news sent Borland shares lower, and it was quoted [illegible] lunchtime on the over-the-counter market [illegible] $47¼, down $2⅝, while Ashton-Tate rose $4⅞ to $16⅛.

Borland is offering [illegible] worth [illegible] own stock [illegible] share in Ashton-Tate, which has some 25m outstanding. It also has an option [illegible] buy another 5m authorised but unissued Ashton-Tate [illegible] the [illegible] price.

Borland controls about 20 per [illegible] the pc [illegible] and spreadsheet mar[illegible] dominated by Ashton-Tate and Lotus. In the year to March, its revenues doubled to $226.8m, and earnings rose 127 per cent to $11.8m.

Amadeu [illegible] million management buy-out of the fabric dyeing [illegible] finishing company Tivisa in July 1990, the first step in his plan to create a major group in the Spanish [illegible] industry.

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STATEMENT OF CONDITION, JUNE 30, [redacted]

ASSETS		
Cash and Due from Banks		[redacted]
U.S. Government Securities Direct and Guaranteed		153,817,140
State and Municipal Securities		51,385,418
Federal Funds Sold		87,350,000
Loans and Discounts		519,848,085
Customers' Liability on Acceptances		31,806,000
Interest and Other Receivables		[redacted]
Premises and Equipment, net		37,377,524
Other Assets		[redacted]
		$1,274,242,113
LIABILITIES		
Deposits		[redacted]
Federal Funds Purchased and Securities Sold Under Agreement to Repurchase		23,440,000
Acceptances: Less Amount in Portfolio		31,808,000
Accrued Expenses		[redacted]
Other Liabilities		12,485,008
Capital	$39,000,000	
Surplus	70,000,000	109,000,000
		$1,274,242,113

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Motorola blames recession for 26% earnings decline

By Martin Dickson in New York

MOTOROLA, [redacted] electronics manufacturing group, yesterday reported a 26 per cent drop in second-quarter earnings, with better results from its semiconductor business more than offset by downturns in other areas.

The company produced earnings of $119m, or 90 cents a share, on sales of $2.81bn, compared with earnings of $161m, or $1.22 a share, on sales of $2.71bn in the same period of last year.

The figures were slightly lower [redacted] analysts' expectations, and in morning trading on the New York Stock Exchange [redacted] company's shares fell $1¼ to $63⅞.

Mr George Fisher, the chairman, blamed the downturn on the recession in the US and Europe.

"There are a few [redacted] that the US economic cycle has bottomed out and has begun to turn upward," he added, "although [redacted] performance in many of the markets served by Motorola may not be robust."

Mr Fisher believed that markets in Japan and the Asia-Pacific region should continue to advance faster than those in the US.

Motorola's semiconductor business – which in 1990 represented nearly a third of company sales – saw sales up 6 per cent and new orders increase by 7 per cent. Operating profits were also higher.

Its general systems sector, which includes its increasingly important cellular telephone business, saw sales up 12 per cent and orders up 8 per cent. However, operating profits [redacted] lower, mainly because of [redacted] nologies and costs of international activities.

Sales in the communications sector, [redacted] includes land mobile products and paging and telepoint systems, dropped 2 per cent and new orders were [redacted] per cent down. Operating profits were also lower.

The net margin on sales was 4.2 per cent in the quarter, compared with 5.9 per cent a year [redacted] while in the first half it was 4.2 per cent, against 5.5 per cent in 1990.

Earnings [redacted] the first six months were $235m, or $1.78 [redacted] share, against $288m, or $2.20 a share.

Ambac flotation expected to [redacted] revived by Citicorp

By Nikki Tait in New York

PLANS by Citicorp, the large US commercial bank, to float [redacted] majority holding in Ambac, [redacted] municipal bond insurance unit, are believed to be under way again.

The flotation, which [redacted] expected to bring in around $500m and to have an even more significant beneficial impact on the bank's capital ratios, was postponed last month. Citicorp said the decision to delay the offering was due to market conditions generally and to an announcement by Wells Fargo about second-quarter loan loss provisions.

Yesterday, neither Citicorp nor Salomon Brothers – the underwriter to the issue – would comment on suggestions that the offering plan had been [redacted]

However, it is [redacted] that advisers are seeking to get the issue away this week, possibly at a slightly lower price than originally mooted. When it postponed the flotation, Citicorp suggested the delay would probably be a matter of [redacted]

Ambac was acquired by Citicorp in 1985, and the bank previously tried to find a single buyer for the operation. However, it subsequently claimed that a share offering looked more attractive.

Citicorp has been trying to shore up [redacted] capital base recently and has said the sale would have the advantage of removing some $25bn of assets from the calculation of its "tier one" capital ratios.

Campeau sues his former company

By Bernard Simon in Toronto

Campeau: claims wrongful dismissal and other damages

MR ROBERT Campeau, [redacted] fallen head of the Toronto-based real estate and retailing group which bears his name, is suing the company he founded for wrongful dismissal and other damages.

Mr Campeau's C$100m (US$87.7m) lawsuit against Campeau Corporation is [redacted] latest twist in the riches-to-rags story of the mercurial French-Canadian, who three years ago spearheaded the biggest takeover in North American retailing history but now faces personal bankruptcy.

Mr Campeau said in his claim that the company's action in ousting him as chief executive last August had been "high-handed, callous and intentionally [redacted] standing and reputation in the [redacted] community".

Mr Campeau also alleged he was owed C$65m for [redacted] options granted [redacted] He contended that, having worked for Campeau Corporation [redacted] 37 years, he was entitled to at least four years' notice of ter[redacted]

Campeau Corporation, which [redacted] battling [redacted] survival, has indicated that it will vigor[redacted] company filed a C$14.6m claim against Mr Campeau in May, and demanded the return of various art works, cars and [redacted] telephone equipment which it [redacted] had been installed in [redacted] Campeau's home at company expense.

Mr Campeau's present whereabouts and activities are unknown. His palatial home in Toronto has been on the market for some time, and earlier reports suggested that he was planning to move this summer to a newly-built mansion in the foothills of the Austrian Alps.

A spokesman for the Bank of Montreal said yesterday that lawyers had not yet been able to serve Mr Campeau with a petition for personal bankruptcy.

Campeau Corporation was a successful, medium-sized property development company before Mr Campeau made his foray into US retailing by buying Allied Stores and Federated Department Stores for a total of US$10bn, most of it financed with high-cost debt.

The two department store groups are currently reorganising themselves under the protection of Chapter 11 of the US bankruptcy code.

The reorganisation process will include separating them from the Canadian parent, which is trying to stave off collapse by selling the bulk of its real estate assets.

Nike posts $3bn in revenues

NIKE, [redacted] sport shoe and apparel maker, yesterday reported revenues [redacted] fiscal 1991 of more than $3bn, agencies report.

The company expects its revenues to gr[redacted] 15 per cent a year, raising its annual revenues to more than $6bn in 1996, according to Mr Philip Knight, chief executive officer.

Much of Nike's growth in the past year came from strong sales in Europe and Asia.

Hasbro to take [redacted] restructuring charge

HASBRO, the US toy company, said it would take a $59m pre-tax restructuring charge against [redacted] second-quarter earnings, Reuter reports from Pawtucket, Rhode Island. The move would result in after-tax charge of 71 cents [redacted] share, it added.

The [redacted] expected to report second-quarter revenues, excluding results [redacted] its Tonka division, of about $290m, compared with [redacted] year earlier. Tonka was expected to have made a loss.

Has[redacted] is to [redacted] its results in about two weeks.

Fannie Mae posts record earnings

By Patrick Harverson in [redacted] York

THE FEDERAL National Mortgage Association (Fannie Mae), the largest provider of residential mortgage funds in [redacted] US, yesterday reported record second-quarter net income of $331.5m, or $1.21 a share. The result represents a 14.5 per cent increase from the year-earlier period, when [redacted] reported earnings of $289.6m, or $1.10 a share.

Fannie Mae said that its 14th consecutive quarter of record profits had been fuelled by strong growth in its [redacted] ment portfolio (net [redacted] income [redacted] 10.5 [redacted] $437.4m), and in its mortgage-backed securities (MBS) business. Guaranty fees from mort[redacted] jumped 27 per cent to $163.6m in the quarter.

The amount that Fannie Mae spent during the second quarter on writing off loan losses fell to $51.1m, down from $59.4m in the same period of 1990. The number of property disclosures also fell during the quarter.

The second-quarter figures included a $50m increase in loan loss provisions, a $59.3m pre-tax loss on the sale of [redacted] of low-coupon [redacted] gages, and a $130.6m pre-tax loss on the repurchase of $1.3bn of high-coupon debt.

● The Student Loan Marketing Association (Sallie Mae), which owns about 30 per cent of all guaranteed loans to US students, yesterday reported [redacted] 14.4 per cent increase in second-quarter [redacted] income to $84.7m, or 87 cents [redacted] share.

Abbott advances 11.7% in quarter

By Barbara Durr in Chicago

NEW products helped boost the second-quarter results of [redacted] Laboratories, which yesterday reported quarterly net earnings up 11.7 per cent to $268m on worldwide sales of $1.68bn.

The [redacted] US health [redacted] said [redacted] in the past [redacted] increased 11.9 [redacted] cent [redacted] $1.5bn [redacted] earnings [redacted] per cent to 63 cents, compared with 55 cents [redacted] year ago.

Mr Duane Burnham, Abbott's chairman, [redacted] the company's "[redacted]tifying" results were attributable in part to the rapid acceptance of some of its [redacted] and [redacted] nostic products.

[redacted] results include foreign exchange gains of $16.7m, compared with exchange losses of $5.5m a year earlier. Second-quarter R&D spending rose 14.8 per cent to $161m.

Sales in its first half were up 13.4 per cent to $3.3bn from $2.9bn in the 1990 period. Net earnings from January through June rose 12.3 per cent to $522m, from $465m a year [redacted] per share rose 15.1 per cent to $1.22 from $1.06 in the first half of 1990.

By mid-day, Abbott's shares were up $½ to $52¼.

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ASKO increases profits three-fold to DM281.5m

By Katharine Campbell in Frankfurt

ASKO, the diversified German retailer, yesterday confirmed tripled after-tax profits. The rise was due in part to a very buoyant start in east Germany, but principally to last year's disposal of SDC/Furrs, the US retailer which had turned in a DM86m ($46.9m) loss in the previous 12 months.

Group after-tax profits rose to DM281.5m, against DM91m in 1989, on sales of DM12.11bn. ASKO is looking for turnover of at least DM18bn this year.

Since currency union in Germany, the discount non-food sector in particular has grown as east German consumers, on tight budgets but still anxious to repair some of the deprivation of former years, made purchases both at home and in the west.

Mr Klaus Wiegandt, the new chief executive, said he hoped to achieve a doubling in operating profit over the next five years as the result of internal reorganisation.

The 1990 growth in sales of 13 per cent continued in the first half of this year, excluding the turnover at Coop, the troubled retailer, part of which ASKO acquired last year. Including Coop, sales were up 57 per cent to DM8.46bn.

Mr Wiegandt said he expected to achieve an operating profit of DM70m for the Coop operation for the whole of 1991.

ASKO plans to open 50 new stores in the east this year, 14 of which had been opened by the end of April. Another 26 outlets in the region are scheduled for 1992.

Mr Wiegandt also said that with the new stake in Adia, the *Swiss employment and services operation formerly part of Omni, ASKO had assured itself a participation in [illegible] of the growth markets [illegible] the future," [illegible] opportunities worldwide.*

Together with Mr Klaus Jacobs, [illegible] man, ASKO bought into Adia in March in the wake of the collapse of the Omni empire.

● Bayer, the chemical group, has acquired the 26 per cent it did not already own in Austria's Chemia. The vendor was Creditanstalt Bankverein, the Austrian bank.

Bayer said the move was a part of the reorganisation of its business in Austria. Chemia is the holding company for Bayer's Austrian units. Bayer had nine subsidiaries in Austria at the end [illegible] and [illegible] a total sales of some Sch3bn ($234m).

Virgin to sell video game unit to Japan

By Steven Butler in Tokyo

RICHARD Branson's Virgin Group is close to agreement to sell Virgin Mastertronic, its video game subsidiary, to Sega Enterprises, Japan's largest maker of commercially used game equipment, for between Y7.5bn ($54m) and Y8bn.

Sega said yesterday it was in the final stages of negotiations and expected agreement by the end of the month.

The sale would mark the latest in a string of deals between Virgin and Japanese companies, following the UK group's 1988 decision to take the company private and end its stock exchange listing.

In 1989, Fujisankei Communications Group took a 25.1 per cent stake in Virgin Music Group through its Pony Canyon affiliate.

Last year, Virgin formed a 50-50 joint venture with Marui, the retail chain, to operate Virgin Megastores in Japan.

Also last year, Seibu Saison International, which owns [illegible] Intercontinental Hotel chain, acquired a 10 per cent stake in the Virgin Atlantic airline, which has recently increased flights between London and Tokyo.

Sega said the purchase of Virgin Mastertronic would help it boost sales in Europe by giving it direct ownership of a European retail network for the first time.

The acquisition includes distribution chains in the UK, France, Germany, Spain, Austria and other European countries.

The wholesale value [illegible] Sega's European sales of home video equipment last year was Y36bn. It hopes to increase [illegible] Y75bn to Y80bn in [illegible] year to end-March 1992. It sold about Y10bn of commercial-use equipment last year in Europe.

Virgin Mastertronic's sales during the past 12 months are estimated at £100m, of which about 85 per cent were Sega products. Sega's biggest competitor in the home video game market, both in Japan and abroad, is Nintendo.

Sega's total sales are projected at Y135bn in the year to end-March 1992.

Dixons' 2% rise beats expectations

By John Thornhill in London

[illegible] GROUP, the UK electrical retailing and property company, marginally surpassed London market expectations by increasing annual pre-tax profits by [illegible] per cent in the teeth [illegible] on both [illegible] the Atlantic.

The profit increase [illegible] £81.7m ($131m) [illegible] largely attributable [illegible] marked improvement from its UK retailing operations and higher interest receipts from the surplus funds generated by its [illegible] warranty business.

However, US retailing profits were sharply down, and the group's property interests also suffered a severe fall with a £3m provision charged against its UK stock.

Sales in [illegible] to April 27 slipped from £1.77bn to £1.7bn and operating profits fell to £68.5m from £76.7m. But [illegible] deficit was more than offset by an increase in interest [illegible]able, to £33.7m from £24.2m. The profits were flattered by the release of a £10m surplus on [illegible] extended warranty funds. This is the third successive year that such a sum has been included in Dixons' [illegible] – although it will not be repea[illegible] this year.

Profits in the UK rose from £33.5m (including £3.1m from discontinued businesses) to £54m, mainly due to improvements the company has made in operating efficiencies.

This outcome was boosted by the higher profitability of the Currys out-of-town stores and [illegible] increase in [illegible] price [illegible] the products sold.

"We are selling [illegible] of more expensive merchandise. [illegible] where the market is going," said Mr Robert Shrager, finance director.

Sales of most electrical and audio products were weak throughout [illegible] year, but cam[illegible] products such as facsimile machines recorded strong gains.

The Dixons stores recorded a [illegible] per cent improvement in [illegible] to £455m. Currys' shops saw sales fall by 14 per cent, but its superstores increased sales by 35 per cent.

The group's Silo chain in the US was affected by the costs of establishing new stores in the Los Angeles area and the competitive market. Profits slumped from [illegible] to £3.5m.

"There [illegible] more capacity chasing [illegible] but we are [illegible] denouement of this situation. There [illegible] a large number of our competitors either going bust or retrenching," said Mr Shrager of the US market.

Property profits contributed £11m against £37m. Most of the UK portfolio has been developed and Dixons has diversified into the more resilient property markets of continental Europe.

Earnings per share remained unchanged at 12.6p. The recommended final dividend of 4.2p will lift the total to 5.8p compared with 5.6p.

Commenting on prospects for this year, Mr Stanley Kalms, chairman, said: "In the short term I am very neutral. There is no real sign of conditions picking up at the moment but I am [illegible] confident for Christmas."

Lex, [illegible] 12

EDF bid for SD-Scicon 'too low'

By Roland Rudd in London

[illegible] won [illegible] significant public coup in its bid to remain independent with the announcement [illegible] 48.1 per cent of its shareholders would not accept [illegible] £121m ($193.6m) hostile bid from Electronic Data Systems of the US.

The UK computer company published a list of shareholders and [illegible] advisers, including Morgan [illegible] Investment Management and Prudential Portfolio Managers, who have decided that the EDS offer for the company at 45p per share is "far too low".

SD-Scicon's counter-attack, which pushed up its shares by [illegible] to close at 51p, will put EDS, a subsidiary of General Motors, under pressure to increase its offer.

[illegible] made clear [illegible] was unlikely to give up the battle to take over the group.

EDS advisers Credit Suisse First Boston are today expected to announce that only [illegible] few [illegible] shareholders [illegible] accepted its offer following yesterday's close of the first deadline.

Samuel Montagu, adviser to SD-Scicon, said EDS would have to double its offer for the [illegible] computing [illegible]pany or "accept [illegible] its bid was doomed".

[illegible] decision by some of SD-[illegible] biggest [illegible] to reject publicly the EDS offer comes less than [illegible] week after EDS bought out British Aerospace's stake in SD-Scicon.

EDS paid 45p per ordinary share, in line with its bid, taking [illegible] 25 per cent shareholding in SD-Scicon, making [illegible] unlikely that a white knight could rescue the company.

UK utility's payout exceeds forecast

By Juliet Sychrava in London

[illegible]UTH Wales Electricity, one of the 12 newly-privatised UK utilities, yesterday announced a final dividend [illegible] than that stated at its privatisation – 11.8p per share compared with a forecast of 11.13p.

Institutional analysts had anticipated the move, which comes after Welsh Water last month increased its unwelcome stake in the company from 10 to 14.9 per cent.

Mr Wynford Evans, chairman of South Wales Electricity, said yesterday that the company [illegible] no [illegible] between [illegible] companies. "[illegible] have raised the dividend in [illegible] context of the long term."

Mr John Elfed Jones, chairman of Welsh Water, welcomed the increased payout but said the electricity company's profits could be enhanced by removing cost duplication between the utilities.

Until 2000, there is a 15 per [illegible] shareholding limit that can only be waived by holders of 75 per cent of the shares. And a golden [illegible] gives [illegible] secretary of state for energy power of veto until 1995.

South Wales Electricity reported historic cost pre-tax profits of £58.1m, outstripping the prospectus forecast of £45.9m by 26 per cent.

Profit after tax was £41.6m, 21 per cent higher than the prospectus forecast.

Akzo pull-out plan hits trouble

By Tom Burns in Madrid

[illegible] ATTEMPT by Akzo, the Dutch [illegible] fibres group, to pull out of La Seda, a loss-making Spanish synthetic fibres producer that it controls, ran [illegible] yesterday. The company's creditor banks rejected [illegible] proposal that they accept payment for just over half La Seda's debt and take over its shareholding for a symbolic Pta1.

Akzo is prepared to pay the bank creditors [illegible] ($70m), the equivalent of 57 per cent of La Seda's outstanding borrowings. Akzo has [illegible] 57 per cent shareholding in [illegible] Spanish group.

The 12 creditor banks – including the top domestic [illegible] and savings banks, and the Spanish branches of Alge[illegible] Bank Nederland [illegible], Barclays, Citibank and Bank of [illegible] – [illegible] that they do not want the shareholding and that it is Akzo's responsibility to find a buyer for it.

The banks reckon that Akzo, which has management control of La Seda, [illegible] enough to reduce costs and to realise some of the company's [illegible] La [illegible] headq[illegible] [illegible] valued at Pta3bn.

"[illegible] not just [illegible] question of putting the lights out, it's the way you put them out," said the chief executive of one the banks yesterday.

Madrid business executives [illegible] projected withdrawal from La Seda had [illegible] considerable surprise. They said there was no prece[illegible] multinational walking away from a Spanish subsidiary, and that the Dutch group ran the risk of its image being dented in the country, where it owns 13 other companies.

Figures supplied by Akzo to [illegible] Madrid [illegible] Exchange commission, which suspended trading in La Seda on Tuesday, revealed [illegible] the company's sales were 30 per cent down in the first six months of this year and that its losses [illegible] Pta1.9bn against Pta681m in the first six months of 1990.

"We have rejected Akzo's proposal and are waiting for a new one," [illegible] Mr Ralph Schauss, managing director of Bank of America in Madrid, the institution representing the creditor banks. "The ball is in [illegible] court."

GES takes 23% holding in Portuguese bank

By Patrick Blum in [illegible]

GRUPO Espirito Santo (GES), the financial holding company of [illegible] Espirito [illegible] family, has secured a key 23 per cent shareholding in Banco Espirito [illegible] e Comercial de Lisboa (BESCL) following the bank's partial pri[illegible].

Mr Ricardo [illegible] Silva Salgado, a senior executive of the private group which has world-wide financial interests, said the acquisition was a partial step towards resuming control of the bank, which was the family flagship until it was nationalised in 1975.

He said he expected the next phase [illegible] privatisation [illegible] BESCL to take [illegible] before the [illegible] "I think [illegible] success of the present flotation will encourage the government to speed up the privatisation," he said yesterday.

The sale of 40 per cent – 16m shares – in BESCL, Portugal's second biggest commercial bank, was more than twice [illegible] and raised Esc60.8bn ($385m) at an average price of Esc3,804 [illegible] share.

The issue was split into several tranches, with preferential prices for employees, small Portuguese investors and emigrants, depositors and holders of the bank's participation certificates.

Viag sees higher earnings this year

By Our Financial Staff

VIAG, the German industrial holding company which [illegible] this year acquired the European operations of Continental Can of the US in an $800m deal, said yesterday that it looked forward to higher [illegible]its this year.

"Group earnings and parent net profit will be above the [illegible] level," Mr Alfred Pfeiffer, management board chairman, told Viag's annual meeting. In 1990, group [illegible] profit [illegible] DM336m ($183.6m).

However, Mr Pfeiffer also said that the development in earnings in some business sectors during the first half of 1991 did not fully meet his expectations. He did not give any actual figures for the first six months' trading.

In the first quarter of 1991, group turnover rose [illegible] DM5.1bn from DM4.5bn. Mr Pfeiffer repeated his forecast that group [illegible] this [illegible] would rise to around DM25bn from 1990's DM19.4bn.

Meanwhile, [illegible] capital goods industries – including metallurgy, ceramics, steel and raw material trading – have been hit by recession in the US.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue

US$250,000,000

The Korea Development Bank

9.25% Bonds Due June 15, 1998

Merrill Lynch & Co.

Lehman Brothers

J.P. Morgan Securities Inc.

Salomon Brothers Inc

Korea Associated Securities Inc.

This announcement appears as a matter of record only.

ISTITUTO per il CREDITO SPORTIVO
Roma

US$135,000,000

Term Credit Facility

Arranger

The Sumitomo Bank, Limited

Underwriters

Cassa di Risparmio delle Provincie Lombarde – CARIPLO
Hill Samuel Bank Limited
Italian International Bank Plc (Monte dei Paschi di Siena Banking Group)
The Sumitomo Bank, Limited
Westdeutsche Landesbank Gz, Düsseldorf/Münster

Lead Managers

Cassa di Risparmio delle Provincie Lombarde, London Branch/CARIPLO BANK INTERNATIONAL
Deutsche Girozentrale International S.A.
Banco di Napoli
Crédit Local de France
Credito Italiano London Branch
Morgan Grenfell & Co. Limited
The Norinchukin Bank
The Sanwa Bank, Limited

Co-Lead Managers

Banque Générale du Luxembourg S.A.
BfG: Luxembourg Société Anonyme
DSL Bank Luxembourg S.A.
IMI Bank (Lux) S.A.

Managers

BNL Investment Bank plc
Chuo Trust & Banking Company (Europe) S.A.
The Daishi Bank, Ltd.
Daiwa Europe N.V.
Nippon Trust Bank Limited
The Ogaki Kyoritsu Bank, Ltd.
Zentralsparkasse und Kommerzialbank Aktiengesellschaft, Wien

Participants

Alm. Brand Bank
BACOB Savings Bank s.c.
Bank of Kinki, Ltd.
Bank Leumi Le-Israel B.M.

Agent

The Sumitomo Bank, Limited

May 1991

This announcement appears as a matter of record only.

Canadian Private Placement

HYDRO-ELECTRIC

Scottish Hydro-Electric plc

ScottishPower

Scottish Power plc

£49,704,000

207,100 Units

each consisting [redacted] 32 ordinary shares of Scottish Hydro-Electric plc and 68 ordinary shares of Scottish [redacted] plc.

Price: £240 per Unit

Nesbitt Thomson Inc.

Wood Gundy Inc. | ScotiaMcLeod Inc. | Burns Fry Limited

Trilon Securities Corporation

June [redacted]

INTERNATIONAL COMPANIES [redacted] FINANCE

Surprise move for Australian Airlines

By Mark Westfield in Sydney

AUSTRALIA'S fledgling Compass Airlines has expressed interest in buying the much larger government-owned Australian Airlines in a move which has surprised the industry.

Compass's bid comes eight months after the start of deregulation, which has led to a fare war in which the leading domestic airline groups are losing money.

Compass, which raised A$50m (US$38m) when it was floated last year, lost A$1.8m in the six months to December 31. In that time it gained between a 5 and 10 per cent market share with its four wide-bodied Airbus aircraft plying the main trunk routes.

Compass told the Australian Stock Exchange it wanted backing from institutions to buy at least 51 per cent of [redacted] tralian.

Australian is expected to announce losses for the year to June 30.

Analysts value Australian at between A$500m and A$600m. The federal government wants to sell all of Australian and 49 per cent of its international carrier, Qantas.

Expressions *of interest for* the two airlines closed yesterday. Most [redacted] the interest expected to [redacted] from Asia, although [redacted] Airlines of the US has shown interest in buying a share of Qantas.

Analysts fail to grab floating bank

Mark Westfield on a share sale in which few forecasts are available

MR DON SANDERS, managing director of Commonwealth Bank of Australia, and his deputy, Mr Ian [redacted] were on unfamiliar ground when they briefed fund managers and stockbrokers' analysts this week [redacted] forthcoming A$1.34bn (US$1.02bn) float of 29.75 per cent of the government-owned bank's capital.

It was a formal affair, one broker reported later, unlike the [redacted] freewheeling and revealing sessions with executives of Commonwealth's three listed rivals.

It was the first such experience for these government employees, but that this partial float is Australia's largest has brought additional pressures and tension.

The analysts were disappointed with the tight-lipped briefing. The bank had only released its prospectus the previous day, and in view of the penalties attached to Austra[redacted] new [redacted] law, the two bank executives were not saying anything that was [redacted] in the 111-page document.

The analysts wanted an indi[redacted] of projected 1992 earnings and dividends. They emerged from the briefing none the wiser.

In the prospectus, directors say it is not possible to forecast likely profits for the next financial year with [redacted] confidence, and caution that future earnings are dependent on many factors.

Until recently regarded as the most conservative [redacted] tralia's four large banks, Commonwealth is revealed in the prospectus [redacted] being a little more adventurous with its lending than previously believed.

For instance, it has large exposures to the crippled Adelaide Steamship group and to associate companies News Corporation and TNT.

The lack of forward projections and an admission by Mr Sanders that loans on which interest was not being paid would grow by 25 per [redacted] to A$3.2bn [redacted] shock for the market.

[redacted] result, the institutions have [redacted] cautious, [redacted] *cool towards the float.* However [redacted] it is expected to be well subscribed by [redacted]

The bank, which was established in 1911, is the largest domestic Australian bank and [redacted] home loan lender. It has A$95bn in [redacted] and enjoys [redacted] goodwill [redacted] its customers.

It [redacted] the advantage over its rivals of a full federal government guarantee and as [redacted] result is the country's only domestic AAA-rated bank.

Commonwealth has also accumulated a large reserve of A$650m, or 78 cents per share, in franking credits, expected to be increased following its 1991 net profit of A$253m. This build up of franking credits before the float comes as its three listed rivals, ANZ, National Australia Bank and Westpac, struggle to maintain full imputation on high payout levels.

With [redacted] dividends from Common[redacted] expected to total 40 per cent, its franking credits give the bank an opportunity, should it choose, to make a [redacted]bstantial tax-free share issue to shareholders next year [redacted] exploit these credits.

The [redacted] of [redacted] government guarantee [redacted] uncertain, *but it is widely expected to be* phased out if the bank floats [redacted] further portion of its capital.

Analysts' predictions of 1992 net earnings range between A$510m and A$550m. At the upper figure, the bank's float price of A$5.40 a share values it at 8.2 times prospective earnings.

*This compares with prospec*tive price earnings multiples of 8 times for National Australia Bank, 7.5 times for ANZ Bank and 7 times for Westpac.

On this basis, some stockbro[redacted] believe the float is overpriced, despite the bank's decision last week to cut the share issue price by 20 cents.

Yet despite this criticism, most analysts expect the float to be fully subscribed.

The bank will also have its capital boosted by the float, with proceeds going to the bank's coffers and none to the vendor.

The float is restricted to Australian residents and the government has placed a 5 per cent limit on individual shareholdings.

HK-China merger axed

By Angus Foster in Hong Kong

THE FIRST planned merger [redacted] a Hong Kong company and a business in mainland China listed on the recently-opened Shenzhen [redacted] Exchange has been [redacted] after running into accounting difficulties.

Lolliman Holdings, a small Hong Kong property company, had planned to merge with Panco Industrial, which owns 52.3 per [redacted] of Shenzhen Champaign, a property, [redacted] ment and [redacted] company. This [redacted] the first foreign invested joint venture [redacted] be approved by the Chinese authorities [redacted] stock market listing. The [redacted] public in March.

Lolliman and Panco yesterday announced the cancellation of the merger, saying it was because an audit of the Panco group was taking longer than expected. The delay means various conditions for the merger cannot be met.

Shenzhen Stock Exchange, with six listed stocks, is keen to list more foreign invested joint ventures and attract foreign investment.

Although fund management companies in Hong Kong are keen [redacted] invest, [redacted] are worried about accounting standards [redacted] disclosure levels in China.

[redacted] American Bank ahead

By Mark Nicholson

SAUDI [redacted] BANK, [redacted] Saudi joint venture bank [redacted] by Citicorp, has announced first-half earnings to the end of June of SR305m ($81m), up 20 per cent on last year's figure despite the effects of the Gulf war.

The bank reported a 12 per [redacted] in total assets to [redacted] over the past [redacted] months, with deposits up [redacted] per [redacted] to SR24.5bn and loans [redacted] ahead 34 per [redacted] *to* [redacted] *The earnings figure* includes [redacted] record second-quar[redacted] SR173m.

Loan-loss provisions of SR25m [redacted] favourably with the charge [redacted] SR34m at the same point last year and reflect an improvement on the figure for the fifth successive year as the bank [redacted] loan-loss recovery programme.

The bank's operating revenues rose [redacted] to SR599m. Mr Melhi Mistri, managing [redacted] of the Riyadh-based bank, said that a [redacted] in operating [redacted] to SR263m against SR183m [redacted] *reflected some exceptional* expenditure [redacted] the Gulf war and continuing [redacted] services.

Gold Resources in throes of liquidation

[redacted] Australia, [redacted] unit of Australian financier Mr Alan Bond's family [redacted] Dallhold Investments, [redacted] put into provisional liquidation yesterday, AP-DJ [redacted] from Sydney.

Gold Resources owns a [redacted] per cent stake in Mid-East Minerals, a small mining concern.

The provisional liquidator of Dallhold - Mr John Lord, of [redacted] accountancy firm, appointed by the Sydney federal court last Friday - was given [redacted] same job by the court at Gold [redacted]

The court was told last week that Dallhold had total debts in excess of A$1bn (US$700m), off[redacted] by assets of [redacted]

[redacted] week, Hongkong & Shanghai Banking Corporation [redacted] Bank of New Zealand, lenders to Dallhold, appointed [redacted] receiver and manager [redacted] Queensland nickel [redacted]

Yesterday, Mr [redacted] took pos[redacted] various Dallhold [redacted] including property, shares, paintings and sculptures. [redacted] hold charges over [redacted]

"Mr Alan Bond and Mr Mich[redacted] Cross, both directors of [redacted] lhold, are giving me their full co-operation," he said.

He [redacted] that [redacted] "reviewing certain transactions which appear to be preferences and, where necessary, action will be taken to have these transactions overturned for the benefit of all creditors."

Separately, the Australian [redacted] Commission said it would investigate Dallhold. The investigation would include the reported transfer of certain assets to other Bond family concerns.

Mr Alan Bond's business dealings are the subject of a wide-ranging inquiry by the securities regulators.

Mr Bond last year lost control of Bond Corp Holdings, his listed investment company.

Bond Corp's borrowings in the late 1980s exceeded A$8bn. Most of its assets have been sold in an attempt to repay debt. Bond Corp has designed a debt-for-equity swap that would give European investors holding its debt securities control of the company.

This plan may yet be prevented by action from at least one creditor and Australian regulators.

NOTICE [redacted] *HOLDERS OF WARRANTS*
TO SUBSCRIBE [redacted] SHARES OF COMMON [redacted]

ASAHI GLASS COMPANY, LIMITED
(the "Company")

U.S. $100,000,000
[redacted] per cent. [redacted]
with Warrants ("Warrants – 1991")

U.S. $250,000,000
[redacted] per cent. Notes 1992
with Warrants ("Warrants – 1992")

U.S. $600,000,000
[redacted] per cent. Notes 1993
with Warrants ("Warrants – 1993")

NOTICE [redacted] HEREBY GIVEN that at meetings held on 17th and 25th [redacted] 1991, the Board of Directors of the Company [redacted] to issue [redacted] $370,000,000 5½ per [redacted] 1998 with [redacted] and DM 630,000,000 4 per cent. Bearer Bonds of 1991 (1995) with Bearer Warrants attached to [redacted] for shares of common [redacted] of [redacted] Company for the consideration less than the current market price per Share.

As [redacted] the [redacted]e prices will be adjusted effective from 4th July, 1991 (Japan time) as follows:

1) Exercise Prices before the adjustment:

Warrants – 1991	Yen 1,260.00
Warrants – 1992	Yen 2,061.00
Warrants – 1993	Yen 2,173.00

[redacted] Exercise Prices after the adjustment:

Warrants – 1991	Yen 1,248.20
Warrants – 1992	[redacted] 2,041.70
Warrants – [redacted]	[redacted] 2,152.70

3) Effective date of adjustment
4th July, [redacted] (Japan [redacted]

ASAHI GLASS COMPANY, LIMITED
By: The Mitsubishi Bank, Limited
as Fiscal Agent

11th July, [redacted]

TOP BRAND FUND INTERNATIONAL
(SICAV)
Registered Office: 14, rue [redacted] Thyes,
[redacted] Luxembourg.
R.C. Luxembourg: [redacted]

NOTICE [redacted] ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual [redacted] Top Brand Fund [redacted] will be held at its [redacted] at 14, rue Léon Thyes, Luxembourg, on 30th July, 1991, at 11.00 a.m., for the purpose of considering and voting upon the following matters:

Agenda

1. To accept the Directors' and Auditors' [redacted] and to approve the financial statements for the year ended 31st March, [redacted]
2. To declare a dividend for the year ended 31st March, 1991 of US$0.20 per share as recommended by the Board, and to fix its date of payment.
3. To [redacted] the directors from their [redacted] for all actions taken within their mandate during the year ended 31st March, 1991.
4. [redacted] To elect Mr. C. J. Shaw as [redacted]
   (b) To re-elect the directors holding office at present.
5. To decide on any other business which may properly come before [redacted] Meeting.

Voting

Resolutions may be passed without a quorum, by a simple majority of the votes cast thereon at the Meeting.

Voting Arrangements

Shareholders who cannot attend the meeting in person are invited to send a duly completed and signed proxy form to the registered office of the Fund to arrive no later than 22nd July, 1991. Proxy forms will be [redacted] to registered shareholders with a copy of this Notice and can also be obtained from the registered office.

11th July, [redacted] *The Board of* [redacted]

U.S. $500,000,000

National Westminster Bank PLC
(Incorporated in England [redacted] liability)

Primary Capital FRNs (SERIES "A")

In accordance with the provisions of the Notes, notice [redacted] hereby given that for the six months interest period from July 11, 1991 to January 13, 1992 the Notes will carry an Interest Rate of 6¹¹⁄₁₆% per annum. The interest payable on the relevant interest payment [redacted] January 13, 1992 against Coupon No. 13 will be U.S. $3,455.21 and U.S. $34[redacted] respectively for Notes in denominations [redacted] U.S. $100,000 and U.S. $10,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

July 11, 1991

The Hongkong and Shanghai Banking Corporation
(Incorporated [redacted] Hong [redacted] liability)

U.S.$400,000,000
PRIMARY CAPITAL UNDATED FLOATING [redacted] NOTES
(THIRD SERIES)

Notice is hereby given that the Rate of Interest has been fixed at 6.375% and that the interest payable on the relevant Interest Payment Date October 11, 1991 in respect of $5,000 nominal of the Notes will be $81.46 and in respect of $100,000 nominal of the Notes will be $1,629.17.

July 11, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue

$1,667,500,000

USWEST

Liquid Yield Option™ Notes due 2011
(Zero Coupon – Subordinated)

Merrill Lynch & Co.

™Trademark of Merrill Lynch & Co., Inc.

NOTICE OF REDEMPTION

THE BANK OF [redacted] JAPANESE YEN 5,000,000,000
7% NIKKEI AVERAGE [redacted] *DUE 25TH JULY* [redacted]

NOTICE [redacted] HEREBY GIVEN [redacted] the Noteholders that, in accordance with Condition [redacted] (4) of the Terms and Conditions of the Notes, the Issuer will redeem all of the outstanding Notes on the next Interest Payment date, 25th July 1991, when interest on the notes will cease to accrue. Payment of principal will be made upon presentation and surrender of the Notes with all unmatured coupons attached, at any of the following paying agents.

The Bank of Nova Scotia,	Morgan Guaranty Trust Company of
Scotia House,	New York,
33 Finsbury Square,	35 Avenue des Arts,
London EC2A 1BB	B-1040 Brussels, Belgium

Coupon [redacted] F3, [redacted] July [redacted] be presented [redacted] payment in the usual manner on or after 25th July [redacted]

U.S. $300,000,000

COMMONWEALTH BANK [redacted] AUSTRALIA
A Statutory Corporation of the Commonwealth of Australia

Undated Floating Rate Notes
exchangeable into
Dated Floating Rate Notes

[redacted]	[redacted] per annum (LIBOR [redacted] + 0.15%)
[redacted]	11th July 1991 / 13th January 1992
Interest Amount due 13th January 1992	
[redacted] U.S.$ [redacted]	U.S.$ 343.58
per U.S. [redacted] Note	U.S. [redacted]

Credit Suisse First Boston Limited
Agent

Tops Series IV Limited
(Incorporated with limited liability in the Cayman Islands)

U.S. $130,000,000

[redacted] IV Floating [redacted] Trust Obligation
Participation Securities due 1992

Secured by a Charge on a [redacted] Fixed [redacted] and Notes with an [redacted] principal amount of U.S. $186,355,000

For the period 10th July, 1991 to 10th January, 1992, the securities will carry an interest rate of 6.65% per annum with an interest amount of U.S. $8,497.22 per U.S. $250,000 denomination and U.S. $16,994.44 per U.S. $500,000 denomination, payable [redacted] January, 1992.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London — Agent Bank

U.S. $200,000,000

Eni International Bank Limited
(Incorporated with [redacted] liability under the laws of the Commonwealth of The Bahamas.)

Guaranteed Floating Rate Notes due 1991

Unconditionally [redacted] irrevocably Guaranteed as to payment of principal and interest by

Ente Nazionale Idrocarburi
(A Public Corporation of the Republic of Italy)

Notice is hereby given, that for the three months Interest Period from *July 11, 1991 to October 11, 1991 the Notes will carry an Interest Rate* of 6⅛% per annum. The [redacted] payable on the relevant interest pay[redacted] date, [redacted] 11, 1991 will be U.S. $154.93 per U.S. $10,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

CHASE

July 11, 1991

£100,000,000

BRADFORD & BINGLEY

Floating [redacted] Notes Due [redacted]

Interest Rate	11⅛% per annum
Interest Period	5th July 1991 / 7th October 1991
Interest Amount per £10,000 Note due 7th October 1991	£283.56

Credit Suisse First Boston Limited
Agent

Union Bank of Finland Ltd

¥8,000,000,000

Floating Rate Notes
Due 1994

Notice is hereby given that the Rate of Interest for the Interest [redacted] from 11th July, 1991 to 11th January, 1992 is 7.35% per annum. Interest payable [redacted] 13th January, 1992 will amount [redacted] ¥1,852,603 per ¥50,000,000 principal amount of the Notes.

Agent Bank
The Long-Term Credit Bank of Japan, Limited
Tokyo

U.S. $50,000,000

ÖVAG

ÖSTERREICHISCHE VOLKSBANKEN-AKTIENGESELLSCHAFT

Floating Rate Subordinated Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from July 11, 1991, to January 13, 1992 the Notes will carry an interest rate of [redacted] per annum. The [redacted] payable on the relevant interest payment date, January 13, 1992 will be U.S. $171.15 per U.S. $5,000 Note.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

CHASE

July 11, 1991

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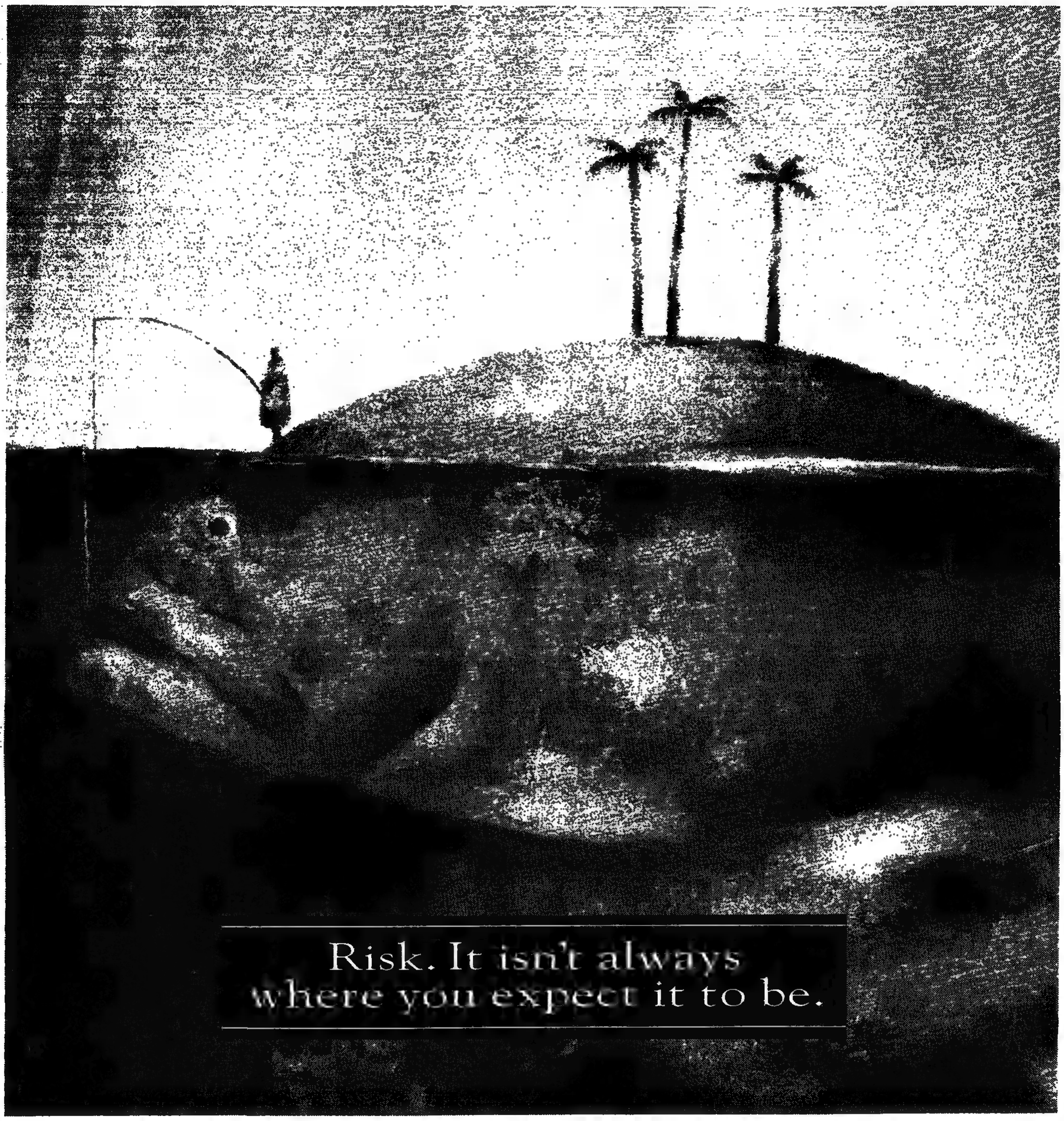

Some risks are clearly visible. Others hide from sight.

The unexpected is the one thing you can always expect.

Suppose that overseas political upheaval thins out the flow of a raw material you can't do without. That's a risk Bankers Trust can help you contain.

Or suppose a natural disaster cripples your payments system. Again, with our merchant banking help, that risk can be dealt with.

Like every financial institution, we trade, arrange financing, close deals. But everything we do is done with an eye to helping you profit from risk.

Our greatest strength is putting all our skills to work at managing every kind of global risk.

Life can never be risk-free. Leadership isn't built on sure things. But with Bankers Trust behind you, you'll be leading from unparalleled strength.

Bankers Trust

LEAD FROM STRENGTH.

Head Office Düsseldorf

Branches, subsidiaries or representative offices in [illegible] European countries as well as in Beijing, Hong Kong, Melbourne, New York, Osaka, Rio de Janeiro, Tokyo, Toronto.

An experienced wholesale bank, WestLB is your reliable partner for international finance.

20 years of experience in Corporate Finance, the solidity of a state bank and the [illegible] role played by WestLB. On this sound foundation, WestLB successfully combines classical products with innovative solutions, applying the right mix of state-of-the-art technology and personal creativity. That's why WestLB rightfully belongs at the top of your shortlist – from Corporate Finance and Investment Banking to Treasury. And with a global network stretching from Düsseldorf to New York and from Tokyo to London, WestLB is perfectly positioned to set your international finance operations on the right course.

WestLB

The [illegible]

INTERNATIONAL CAPITAL MARKETS

Hong Kong lifts profile of foreign brokers

HONG KONG's stock exchange has [illegible] a [illegible] package to boost foreign [illegible] clout in its ruling [illegible] council, heading off a [illegible] with the colony's [illegible] regulatory [illegible] reports from Hong Kong.

The exchange council [illegible] bowed to pressure from the Securities and [illegible] Commission [illegible] to introduce reforms which would widen council membership.

[illegible] rejected the reforms last Friday, but threats from the SFC to use its statutory powers to force them through prompted [illegible] compromise with die-hard local [illegible] council.

If the SFC approves the amended reform package, it then has to be ratified by a 75 per cent majority of exchange members at an extraordinary general meeting, scheduled for August.

Under the amended proposal, the number of council members will be raised from 22 to 30. Independent members who are not directly involved with the stock exchange, such as accountants and bankers, will be increased from five to 10.

The broker constituent of the membership comprises 17 seats, nine of them allocated on the basis of [illegible] turnover. Three seats will go to the chief [illegible] of the stock exchange and the Hong Kong securities [illegible] organisation and one [illegible] nominated by the exchange's chief executive.

It remains [illegible] be seen whether the SFC accepts the [illegible] which raises from seven to eight the number of broker members whose seats do not depend on market turnover.

US Treasuries slumber as investors await auction

By [illegible] Harverson in [illegible] York and Sara Webb in London

THE [illegible] Treasury market slumbered yesterday morning [illegible] investors [illegible] the afternoon [illegible] of seven-year notes.

At midday, [illegible] benchmark 30-year government bond was up [illegible] 95¾, yielding 8.524 per cent. [illegible] two-year note was unchanged at 100⅛, carrying a yield of 6.947 per cent. Dealers reported that trading was unusually quiet.

Bids for the record $9bn in seven-year paper were due to be in by 1pm, and analysts predicted that retail investors would be slow to take the notes off dealers' hands once the auction was completed. Any sizeable purchases of the seven-year notes would probably be matched by the sale of securities elsewhere along the yield curve, said observers.

The Federal Reserve intervened in the credit markets for the third day running, arranging $2bn in customer repurchase agreements to drive the Fed Funds rate lower. By midday, Fed Funds had eased slightly to the target rate of 5¾ per cent.

■ LONG-DATED UK [illegible] ment bond prices [illegible] on funding worries yesterday, but remained almost unchanged at the short end.

Traders said that [illegible] out of long-dated gilts into shorter maturities or – in some cases – [illegible] British Steel's £150m 25-year debenture which was launched yesterday. The 11¾ per cent gilt due 2003/[illegible] slipped from 110⅛ to 109¾ by late afternoon.

Expectations that the Bank of England would announce a long-dated tap or tranchette shortly helped to depress the long end of the market. The Bank has not tapped the long end of the market for several weeks: its £1bn tender of the 9 per cent Treasury stock due 2008 took place in April and since then it has only issued £100m of the 2½ per cent index-linked gilt due 2011 and £100m of the 8¾ per cent Treasury stock due 2007.

Traders expect the Bank of England to cut the base rate this week provided that the Bundesbank does not raise interest rates at its council [illegible] today.

■ THE [illegible]RMAN government bond market edg[illegible] up due mainly to traders covering their short positions.

While there has been considerable speculation [illegible] Bundesbank will announce a rise in interest rates after its council meeting today as an anti-inflation measure, [illegible] why [illegible] chances of an increase have diminished.

First, the central bank announced that there would be no news [illegible] council meeting at which it is due to review its 1991 monetary growth target. Traders interpret this as a sign that no important announcements will be made.

Secondly, the Bundesbank injected liquidity without raising the interest rate at this week's tender for 28-day securities repurchase funds. A rise might have indicated that the central bank was considering increasing key interest rates.

The Liffe bund futures contract opened at 84.28 and rose to 84.61 by late afternoon.

■ JAPANESE government bonds slipped yesterday, having traded in a narrow range and at a low volume in Tokyo. Traders said this was [illegible] the restrictions placed [illegible] leading Japanese brokers in the wake of recent stock market scandals.

The restrictions are due to last for four trading days and dealers expect the [illegible] market to be quiet for the duration. The yield on the benchmark No 129 JGB opened at 6.785 per [illegible] and [illegible] 6.79 per [illegible]

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
[illegible]		12.000	[illegible]	[illegible]	[illegible]	11.11	11.04	11.13
BELGIUM		[illegible]	08/00	103.5000	[illegible]	9.40	9.43	[illegible]
CANADA *		9.750	06/01	[illegible]	[illegible]	[illegible]	10.10	[illegible]
DENMARK		9.000	[illegible]	97.8250	[illegible]	9.32	9.29	9.17
[illegible]	BTAN	9.000	02/96	98.9412	[illegible]	[illegible]	[illegible]	9.11
	OAT	[illegible]	01/01	102.2400	+0.550	9.12	9.15	9.08
GERMANY		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY		[illegible]	03/01	98.3600	[illegible]	13.20	13.43	[illegible]
JAPAN	No [illegible]	4.800	06/99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No 129	6.400	03/00	[illegible]	[illegible]	6.78	6.79	6.84
NETHERLANDS		8.500	03/01	98.1800	+0.230	8.77	8.78	8.85
SPAIN		[illegible]	[illegible]	100.1900	[illegible]	11.83	[illegible]	12.19
UK GILTS		10.000	[illegible]	99-02	[illegible]	[illegible]	[illegible]	[illegible]
		10.000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.47
		9.000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.15
US TREASURY *		8.000	05/01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		8.125	05/21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yi[illegible] Technic[illegible]

Malaysia to form single watchdog

MALAYSIA is to form a single regulatory body to pr[illegible] the development of the [illegible] securities market, Reuter reports from Kuala Lumpur.

The proposed securities [illegible]sion, which officials said would report to the Finance Ministry, would be responsible for streamlining regulations of the securities market. No timetable for the plan was given.

Malaysia's securities industry is currently regulated by several agencies including the Capital Issues Committee, the Foreign Issues Committee and the Panel of Takeovers and Mergers.

Government officials said a study on the proposed watchdog agency had begun, but declined to elaborate.

Australian bank sets up unit for stock settlement

McINTOSH Securities, [illegible] Australian investment bank and [illegible] brokerage, has established a company to provide stock exchange trading settlement and clearing services, AP-DJ reports from Sydney.

The company hopes to accommodate up to 10 per cent of all current stock trading clearing services by late 1992. This would amount to between 500 and 750 transactions a day out of a current total of about 7,000 daily transactions.

McIntosh said broking firms could save more than 20 per cent on their existing clearing and settlement costs by using the company's service rather than employing their own clearing functions.

The new service is expected to be in operation by late 1991.

Bonn to curb investment earnings

A GERMAN Finance Ministry commission set up to formulate tighter controls on investment earnings should unveil its plans before the end of the month, Reuter reports from Bonn.

A ministry spokesman said: "The [illegible] is important and we believe a quick solution is [illegible]." He said no detailed plans had been put forward.

[illegible] Constitutional Court ruled last month that Germany must introduce efficient controls on investment earnings by 1993 at the latest to ensure that all taxpayers are treated equally.

Finance minister Mr Theo Waigel has said Bonn will seek a solution which maintains the attractiveness of the German markets, and prevents small savers from suffering any undue effects. Bonn has indicated it could substantially raise the ceiling for interest income which Germans can receive without paying tax.

Mr Eberhard Martini, president of Germany's banking association, called for the ceiling to be raised to DM5,000 (US$2,751) from the current DM600. "That would solve a lot of problems," he said.

The government was also checking whether the ruling required equal treatment for domestic and international investors, the newspaper said.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest [illegible] pm on July 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101½	101⅞		7.83
ALBERTA PROVINCE 9 3/8 95	600	102⅝	[illegible]	-⅛	8.82
AUSTRIA 8 1/2 00	400	97⅝	[illegible]		8.87
BANK OF TOKYO 8 3/8 96	100	98⅝	[illegible]	+⅛	8.76
BELGIUM 9 1/8 92	400	101⅝	102	-⅛	7.72
BFCE 7 3/4 97	150	[illegible]	98⅝	+⅛	8.28
BNP 8 5/8 94	[illegible]	101⅛	101⅝	-⅛	[illegible]
BP CAPITAL 9 5/8 93	150	102⅛	103	+⅛	7.75
CANADA 9 96	1000	102⅝	102⅞		8.27
CARCO 9 1/4 96	650	100	[illegible]	[illegible]	[illegible]
CCCE 9 1/4 95	300	103	[illegible]	[illegible]	[illegible]
COUNCIL EUROPE 8 96	100	98⅝	[illegible]	[illegible]	[illegible]
CREDIT FONCIER 9 1/2 99	300	103⅛	103⅝	[illegible]	[illegible]
DENMARK 0 98	250	54	54½	[illegible]	[illegible]
DENMARK 8 1/4 94	150	100⅝	101	[illegible]	[illegible]
ECSC 8 1/4 96	[illegible]	99⅝	[illegible]	[illegible]	[illegible]
EEC 7 1/4 93	250	99⅝	100	[illegible]	[illegible]
EIB 7 3/4 96	250	97⅝	98⅛	[illegible]	[illegible]
EIB 9 1/4 97	1000	102⅛	102⅝	[illegible]	[illegible]
ELEC DE FRANCE 9 98	200	101⅛	101⅝	[illegible]	[illegible]
EUROFIMA 9 1/4 96	100	102⅛	102⅝	[illegible]	[illegible]
EXPORT DEV CORP 9 1/2 98	150	103⅛	[illegible]	[illegible]	[illegible]
FINLAND 7 7/8 97	200	96⅛	[illegible]	[illegible]	[illegible]
FINNISH EXPORT 9 3/8 95	[illegible]	103	103⅝	[illegible]	[illegible]
FORD MOTOR CREDIT 9 1/2 93	300	102⅝	103	[illegible]	[illegible]
GEN ELEC CAPITAL 9 3/8 95	300	103⅛	103⅝	[illegible]	[illegible]
GMAC 9 1/8 96	200	100	100⅝	[illegible]	[illegible]
HALIFAX 9 1/2 93	[illegible]	101⅞	102⅛	[illegible]	[illegible]
IBM WORLD TRADE 7 5/8 93	150	99⅝	100⅛	[illegible]	[illegible]
IND BK JAPAN FIN 7 7/8 97	200	95⅝	96⅛	[illegible]	[illegible]
INTER AMER DEV 7 5/8 96	200	[illegible]	[illegible]	[illegible]	[illegible]
ITALY 8 1/2 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] DEV BK 8 94	150	100⅛	[illegible]	[illegible]	[illegible]
KANSAI ELEC PWR 10 96	350	104⅛	104⅝	[illegible]	[illegible]
LTCB 8 5/8 93	150	101	101⅛	[illegible]	[illegible]
NEW ZEALAND 8 93	100	100⅛	100⅝	[illegible]	[illegible]
NIPPON CRED BK 9 3/4 93	150	103⅛	103⅝	[illegible]	[illegible]
NIPPON TEL & TEL 9 3/8 95	200	103⅛	103⅝	[illegible]	[illegible]
NORDIC INV BANK 9 93	[illegible]	[illegible]	102⅝	[illegible]	[illegible]
ONTARIO HYDRO 11 5/8 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OSTER KONTROLLBANK 8 1/8 93	200	[illegible]	101⅛	[illegible]	[illegible]
PETRO-CANADA 7 1/4 96	200	[illegible]	95⅛	[illegible]	[illegible]
PRUDENTIAL RLTY SECS 0 99	365 216	[illegible]	50⅛	[illegible]	[illegible]
QUEBEC HYDRO 9 3/4 98	150	[illegible]	103⅛	[illegible]	[illegible]
QUEBEC PROV 9 98	200	99⅛	[illegible]	[illegible]	[illegible]
SAINSBURY 9 1/8 96	150	101⅛	102	[illegible]	[illegible]
SAS 10 99	200	99	100	[illegible]	[illegible]
SEAB 9 1/2 95	500	103⅛	103⅝	[illegible]	[illegible]
STATE BK STH AUST 9 1/4 93	100	101⅛	102⅛	[illegible]	[illegible]
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅝	103	[illegible]	[illegible]
SWEDEN 8 1/8 94	200	100⅛	100⅝	[illegible]	[illegible]
SWEDISH EXPORT 9 5/8 93	100	103⅛	103⅝	[illegible]	[illegible]
TOKYO METROPOLIS 8 1/4 96	200	99	99⅝	[illegible]	[illegible]
WORLD BANK 8 3/8 99	1500	98⅛	98⅝	[illegible]	[illegible]
WORLD BANK 8 3/4 97	1500	101⅝	[illegible]	[illegible]	[illegible]
XEROX CORPN 8 3/8 96	100	95⅛	[illegible]	[illegible]	[illegible]
DEUTSCHE MARK STRAIGHTS					
DEUTSCHE BK FIN 5 5/8 96	750	89⅛	89⅝	[illegible]	[illegible]
DEUTSCHE FINANCE 7 1/2 95	1000	97⅛	97⅝	[illegible]	[illegible]
EEC 5 3/8 93	300	95	[illegible]	[illegible]	[illegible]
EIB 5 3/4 98	400	86⅛	[illegible]	[illegible]	[illegible]
EIB 6 7[illegible]	300	94⅛	94⅝	[illegible]	[illegible]
EURO[illegible] 98	400	87⅛	87⅝	[illegible]	[illegible]
FERRO[illegible] 5 3/8 93	[illegible]	95	95	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MET EST & PROP INTL 7 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NAT BK HUNGARY 8 96	200	[illegible]	[illegible]	[illegible]	[illegible]
QUEBEC HYDRO 6 3/4 99	300	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN 6 1/8 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VENEZUELA 8 1/4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD BANK 0 15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD BANK 5 3/4 96	900	87⅛	87⅝	[illegible]	[illegible]
WORLD BANK 7 1/8 95	500	94⅛	94⅝	[illegible]	[illegible]
SWISS FRANC STRAIGHTS					
ASIAN DEV BANK 6 10	[illegible]	94	94⅛	[illegible]	[illegible]
AUSTRIA 4 5/8 93	[illegible]	89⅛	90⅛	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible] INT 7 94 LFr	600	[illegible]	[illegible]		9.31
[illegible]	1000	[illegible]	[illegible]		9.26
[illegible]	1000	[illegible]	[illegible]		8.92
[illegible] BANK 6 1/4 92 Fl	[illegible]	[illegible]	[illegible]		9.61
RABOBANK 5 3/4 93 Fl	[illegible]	[illegible]	[illegible]		[illegible]
ALBERTA PROVINCE 10 92 C$	500	100⅛	100⅝	-⅛	[illegible]
BCE INC 9 5/8 93 C$	[illegible]	99⅛	[illegible]		10.13
BELL CANADA 10 5/8 99 C$	150	[illegible]	[illegible]	+⅛	[illegible]
BRITISH COLUMBIA 9 1/4 93 C$	150	[illegible]	[illegible]	+⅛	9.96
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price. † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month [illegible] above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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This [illegible] as a matter of record

June 1991

Carrefour

has acquired control of

VINIPRIX EUROMARCHE

BNP advised CARREFOUR for the completion of this transaction and provided the financing

BNP

OMRON CORPORATION

[illegible] has been received from Tokyo that payment of a Cash Dividend of Yen 6.50 per share has been made for the six months period ending 31st [illegible].

The dividend will be [illegible] in United States Dollars (except to [illegible] of the United Kingdom) and will amount to $0.2350 per Depositary share before deduction of any Japanese [illegible]holding Tax.

RESIDENTS OF THE UNITED KINGDOM will receive payment in sterling converted at the rate of [illegible] ruling on the day of presentation of the coupons.

RESIDENTS OF THE FOLLOWING COUNTRIES who are subject to deduction of [illegible] Tax at the reduced rate of [illegible] a net dividend of $0.2003 per Depositary share after deduction of Withholding Tax amounting to $0.0356.

[illegible], Canada, Denmark, [illegible], Germany, Italy, Malaysia, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, The United States of America.

[illegible] after deduction of [illegible] to $0.0472.

[illegible] $0.2078 per Depositary share after [illegible] of [illegible]

TO [illegible] PAYMENT UNDER DEDUC[illegible] OF JAPANESE WITHHOLDING TAX [illegible] REDUCED RATE, THE COUPONS [illegible] AT ANY OF THE OFFICES LISTED BELOW. IN THE ABSENCE OF SUCH APP[illegible] WILL BE PAID UNDER [illegible] WITHHOLDING TAX AT [illegible]

[illegible] the fact that the aforementioned concessions relating to Japanese Withholding Tax apply only to coupons presented for payment within five months of the record date i.e. 29th March 1991. Thereafter, tax will be deducted at the full rate of 20%, and it will be the responsibility of the owner to claim from the Japanese Tax Authorities any refund to which he is entitled.

HOLDERS OF BEARER DEPOSITARY RECEIPTS (B.D.R.'s) wishing to claim this dividend should present Coupon No. 57 at the Offices of any of the following:-

Hill Samuel Bank Limited, 45 Beech Street, London EC2P 2LX. (Where lodgement forms are available).

Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royale, Luxembourg.

Bank of Tokyo Limited, 4-8 Rue Sainte-Anne, Paris 1, France.

Bank of Tokyo Limited, [illegible] 43, 4000, Dusseldorf, Germany.

Bank of Tokyo Limited, Avenue des Arts 47-49, 1040, Brussels, Belgium.

Bank of Tokyo Limited, Sutherland House, 3 Chater Road, Hong Kong.

Bank of Tokyo Trust Co, 100 Broadway, New York, U.S.A.

In the case of Coupons presented for payment in London, United Kingdom Tax will be [illegible] from the proceeds unless accompanied [illegible] an Inland Revenue Affidavit of Non-Residence.

Hill Samuel Bank Limited, [illegible] Beech Street, London EC2P 2LX.

ZIMBABWE

The FT proposes to publish this survey on 27 August 1991 and it will [illegible] distributed to 160 countries worldwide. If you [illegible] important audience, call Louise Hunter on 071 [illegible] 3238 [illegible] 071 [illegible] 3079.

FINANCIAL TIMES

The Kingdom of Belgium

US$400,000,000

Tranche A: U.S.$150,000,000

Floating rate notes [illegible] 1996

In accordance with the provisions of the notes, notice is hereby given that for the interest period 11 July, 1991 to [illegible] January, [illegible] the notes will bear interest at 6½% per annum and interest payable on [illegible] January, 1992 will amount to US$3,358.33. per US$100,000 [illegible]

Agent: Morgan Guaranty Trust Company

JPMorgan

SHEARSON LEHMAN HUTTON HOLDINGS INC.

(Incorporated in Delaware)

US$300,000,000

Floating rate notes due October [illegible]

For [illegible] 11 July, 1991 to 11 October, 1991 the notes will carry an interest rate of 6.31875% per annum and interest payable on the relevant interest payment date 11 October, 1991 will amount to US$161.48 per US$10,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

Industrial Credit Corporation plc

(Incorporated with limited liability in Ireland)

¥3,000,000,000

Floating Rate Guaranteed Notes Due 1993

Unconditionally and irrevocably guaranteed by The Minister for Finance of Ireland acting for and on behalf of Ireland. Notice is hereby given that the Rate of Interest for the Interest Period from 11th July, 1991 to 11th January, 1992 is 7.35% per annum. [illegible] payable [illegible] 13th January, 1992 will amount to ¥3,705,205 per ¥100,000,000 principal amount of the Notes.

Agent Bank

The Long-Term Credit Bank of Japan, Limited

Tokyo

INTERNATIONAL CAPITAL MARKETS

British Steel in £150m paper issue

BRITISH Steel yesterday made its first bond issue since the company was privatised in 1988, raising £150m over 25 years from an issue of secured debentures, writes Simon London.

The issue carries a coupon of 11½ per cent and is secured on a floating charge over the company's assets. The bonds were priced to yield 147 basis points over the 9 per cent UK government bond maturing 2008.

Market participants commented that the secured nature of the bonds and the non-property business of the issuer made the deal attractive to UK investment institutions.

While demand for long-dated sterling bond issues has been buoyant in recent weeks, the market has been dominated by property [illegible]nies. On Monday, Associated British Ports, which has an extensive property portfolio, raised £100m [illegible] years. British Land [illegible] MEPC have [illegible] issued long-dated sterling bonds in recent weeks. None of these deals was secured.

The covenants [illegible] yesterday's [illegible] also impose a limit of 20 per cent of asset value on the [illegible] [illegible]nce the company can raise. In addition, the terms of the issue mean that British Steel must maintain assets [illegible] at least £2bn.

[illegible] manager Barclays [illegible] Zoete Wedd underwrote most of the issue and sold bonds with UBS Phillips & Drew. They [illegible] primarily from mainstream UK institutional investors.

British Steel said that the proceeds of the [illegible] be [illegible] fund capital expenditure, which will run [illegible] this [illegible].

Petrobras returns Brazil to the overseas arena

By Simon London

PETROBRAS, the Brazilian state-owned oil company, yesterday [illegible] the first international bond issue by [illegible] Brazilian borrower [illegible] the debt crisis of the early 1980s.

The two-year [illegible] was increased from $200m to $250m in the face [illegible] from continental European institutional investors hungry for high-yielding assets.

The issue, lead managed by Chase Investment Bank, is also the first by a borrower from a Latin American country which has not agreed a debt rescheduling arrangement under the Brady initiative and remains technically in default on much of its bank debt.

The bonds issued yesterday carry a coupon of 10 per cent, payable semi-annually, but the deal was priced at a discount to yield 13.5 per cent – a yield spread of 654 basis points over comparable US Treasury securities.

INTERNATIONAL BONDS

Petrobras [illegible] not carry [illegible] credit rating but the Brazilian government has been awarded [illegible] rating, [illegible] grade, by Moody's [illegible] Service, [illegible] a [illegible] private [illegible] recently [illegible] small group [illegible] foreign [illegible].

Elsewhere, PSK, [illegible] Austrian post office, [illegible] the success of Eurofima's 10-year [illegible] dollar [illegible] with [illegible] deal of [illegible] own. The C$200m issue was lead managed by UBS Phillips & Drew and was priced to yield 49 basis points over the 9¾ per cent Canadian government bond maturing [illegible].

S.A. Brewing, [illegible] Australian manufacturing group, [illegible] through [illegible] issue of [illegible] managed by Morgan Stanley.

The [illegible] will [illegible] priced [illegible] or early next, [illegible] the coupon [illegible] 7½ per [illegible] and the [illegible] premium at [illegible] per [illegible] prevailing [illegible] price. Yesterday, [illegible] A$3.39, about [illegible] cent [illegible] the year's highest price.

Participants [illegible] high coupon would [illegible] investors. The shares [illegible] trading on [illegible] yield of 4.5 per cent.

● STET, Italy's state-controlled telecommunications holding company, raised [illegible] in [illegible] equity offering making it [illegible] of [illegible] largest [illegible] offerings in [illegible], writes [illegible].

The issue [illegible] priced [illegible] L17,900 [illegible] unit [illegible] market's [illegible] on Tuesday [illegible] spread [illegible] L17,900 [illegible] L18,000 yesterday.

NEW INTERNATIONAL BOND ISSUES

Borrower	[illegible]	Coupon %	[illegible]	Maturity	[illegible]	[illegible]
US DOLLARS						
Petroleo [illegible] SA(b)†	200	10	[illegible]	[illegible]	1½/1⅛	[illegible] Bk
SBAB(c)†	200	[illegible]	100.30	[illegible]	[illegible]	[illegible] Int.
[illegible]	75	(7½)	[illegible]	[illegible]	2½/1½	[illegible] Stanley Int.
Bca.Comm.Italiana(e)‡†	50	[illegible]	101⅞	2001	2/1⅛	[illegible] Int.
STERLING						
[illegible]	150	11½	[illegible]	[illegible]	⅝	BZW [illegible]
CANADIAN DOLLARS						
Oest.Postsparkasse(a)†	200	[illegible]	99.95	2001	[illegible]	[illegible]
SWISS FRANCS						
Osaki Electric Co.(f)**§	60	4	100	1995	1⅞	Wirtschafts & Privatbk.
Riso Kagak[illegible]	30	5½	100	[illegible]	1⅝	Nikko Bk (Switz)
Longchamp[illegible]	25	[illegible]	100	[illegible]	-	[illegible] Co.AG

**Private placement. §Convertible. ¶With [illegible] warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Callable at 97.0839% from 2/8/92. Coupon payable semi-annually. c) Fungible with existing $400m [illegible]. d) Callable from 1995 at par plus coupon, declining in equal stages to par. e) Coupon pays 50bp over 6-month Libor for first 2 years, then fixed at 10%. Callable at par, once only, after 2 years. f) Coupon payable semi-annually. Put [illegible] 31/3/94 [illegible] 106⅛% [illegible] yield 6.823%. g) Coupon payable semi-annually. Callable 30/9/93 at [illegible] declining ¼% semi-annually. h) Issue [illegible] over the borrower's assets. Coupon payable semi-annually. Non-ca[illegible].

Mexican bonds for debt offer welcomed

By Rebecca Doulton in Mexico City

MEXICO'S offer [illegible] exchange outstanding interbank debt for $1.15bn [illegible] of 10-year federal [illegible] paying Libor plus [illegible] has [illegible] successfully received by various foreign creditors, according [illegible] the Finance Ministry.

[illegible] the new scheme, cred[illegible] their [illegible] at [illegible] for equity in [illegible].

The original offer [illegible] 32 foreign creditors who participated in last week's auction [illegible] $1bn, but [illegible] oversubscribed by 15 [illegible] and increased [illegible] $1.15bn. The discounts fluctuated between [illegible] 7.4 per cent, averaging 1.6 [illegible] cent.

According [illegible] Mr Angel Gurria, sub-secretary for [illegible] finance, the [illegible] dis[illegible] the [illegible] the [illegible] banking community has [illegible] the Mexican [illegible] their [illegible] the evolution of [illegible] country's future.

The $3.78bn of interbank [illegible] by Mexico's [illegible] largest [illegible] contracted [illegible] the 1982 [illegible] and nationalisation of Mexico's [illegible]. A "gentleman's [illegible]ment" [illegible] to call on [illegible] expires on [illegible] 31 [illegible].

Mr [illegible] underlined that the [illegible] cessfully [illegible] the [illegible]ing [illegible] of the six [illegible] $2.6bn. [illegible] cional's [illegible] was [illegible] by 60 [illegible] cent, [illegible] by 35 per cent, [illegible] by [illegible] per cent, [illegible] by [illegible] per cent, [illegible] by 11 per [illegible] and Banamex's by 15 per cent, making [illegible] more attractive option [illegible] buyers.

Last week, Mr [illegible] Jan Tammes, [illegible] NMB [illegible] of the Netherlands, said [illegible] scheme [illegible] good way to cancel government foreign debt without reducing reserves and an opportunity for foreigners [illegible] buy into [illegible] commercial [illegible].

[illegible] added [illegible] the price the banks have fetched recently was very high but [illegible] be justified because of the enormous expectations [illegible] Mexico's econ[illegible].

Bank faces pressure to alter gilt sales

By Sara Webb

WHEN the [illegible] meets dealers [illegible] 18 gilt-edged market-makers today, [illegible] is likely [illegible] under pressure [illegible] way [illegible] issues government bonds.

The [illegible] issue gilt-edged [illegible] again [illegible] public [illegible] borrowing requirement [illegible] after three [illegible] buying [illegible] gilts.

It has [illegible] a total of £6.6bn-worth [illegible] securities [illegible] the start of 1991, [illegible] in the [illegible] year. The Treasury has [illegible] a PSBR [illegible] £8bn ($13bn), [illegible] believe it could [illegible] to £12bn.

The Bank [illegible] conventional and index-linked gilts [illegible] use several selling techniques, [illegible] as auctions, tenders and taps.

However, [illegible] gilt-edged market-makers [illegible] auction system [illegible] improve[illegible] they are likely [illegible] put pressure on [illegible] derleith, [illegible] of the [illegible] gilt-edged division, [illegible] changes.

Some of the [illegible] the [illegible] to [illegible] regular calendar of auctions, as in the US and France. They argue that the uncertainty surrounding the timing of an auction increases risk, so pushing up yield levels.

However, [illegible] prefers [illegible] retain flexibility [illegible] ing programme so [illegible] it [illegible] the [illegible] ernment [illegible] funding. [illegible] a [illegible] selling [illegible] to [illegible] one day would [illegible].

S.G. Warburg, [illegible] leading gilt-edged [illegible] will [illegible] represented today, recently pointed [illegible] in [illegible] "the uncertainty associated with [illegible] very little difference [illegible] yield levels, and [illegible] little bene[illegible] derived from [illegible]ling [illegible] when all [illegible] other techniques [illegible] funding [taps, tenders] could [illegible] brought into play [illegible] notice".

One [illegible] willing to yield [illegible] market-makers' [illegible] length [illegible] the Bank gives [illegible] an auction.

At present it gives one month's [illegible] of the date and approximate maturity. However, most big market-makers believe this [illegible] long [illegible] lead-in period and that, [illegible] result, investors tend to [illegible] from the [illegible] in the run-up to the [illegible].

They [illegible] hoping that the Bank will reduce the notice period to two [illegible] three weeks so that the market is not immobilised by [illegible] forthcoming auction.

Market-makers also want auction results to be announced more quickly [illegible] the bidding [illegible] so that they are not [illegible] exposed in [illegible] ing market.

Finally, a large market-maker has [illegible] that [illegible] "when-[illegible]" period (the period before [illegible] actual auction dur[illegible] which [illegible] unofficial trading of the new gilt) from [illegible] present seven days.

At the moment, gilt-edged market-makers find that being able to trade in the "when-issued" stock a week before the auction gives a good idea of the level of demand for the stock.

Although the Bank [illegible] promised to listen [illegible] dealers' [illegible] auction system, [illegible] will have some [illegible] which [illegible] consider making changes. For, having held [illegible] auctions [illegible] April and June, [illegible] the next [illegible] will probably [illegible] place in September.

Ian Plenderleith: market-makers [illegible] auction changes

Kleinwort launches new Japanese warrant fund

By Tracy Corrigan

KLEINWORT Benson [illegible] Management [illegible] launched a new [illegible] warrant fund, despite [illegible] depressed [illegible] of the Japanese stock [illegible].

The fund will invest in warrants – a type of long-dated option – to buy shares in Japanese companies.

The [illegible] slump in Japanese equity prices has severely weakened the equity [illegible] market, leaving most outstanding warrants under water and leading to speculation that new warrant issues may have to be suspended temporarily.

But Kleinwort considers that the market is close to bot[illegible] low [illegible] present [illegible] opportunity. "As [illegible] a full [illegible] low-yielding Japanese equities, [illegible] a portion of [illegible] maximum [illegible] through a diversified [illegible] portfolio . . ." said Mr Campbell Gunn, the [illegible] ment adviser on the fund.

But [illegible] fund managers [illegible] it [illegible] difficult to persuade investors [illegible] buy [illegible] in [illegible] fund, given [illegible] uncertain market conditions.

The Luxembourg-based fund is aimed [illegible] UK and European institutional and private investors, and will close on [illegible] 19.

Czech paper-maker seeks finance for DM500m plan

By Sara Webb

[illegible] Papirny (JIP), [illegible] largest pulp [illegible] paper company in Czechoslovakia, [illegible] planning [illegible] build [illegible] paper [illegible] in a [illegible] construction project which will be financed using a combination of equity and debt.

JIP [illegible] Czechoslovakian companies due [illegible] be privatised by the [illegible] towards [illegible] end of this year. Credit Suisse First Boston, adviser [illegible] the privatisation, [illegible] guiding [illegible] company on [illegible] financing for [illegible] new [illegible] paper [illegible] to [illegible] built at its Vetrni plant, [illegible] to the Austrian and German borders. SC [illegible] mainly for magazines and catalogues.

CSFB claims that the proposed DM500m fund-raising [illegible] the largest ever [illegible] by [illegible] international [illegible] bank [illegible] Czechoslovakian enterprise.

It expects the financing [illegible] equity participation as well as loans from banks and supranational institutions such as the European Bank for Reconstruction and Development (EBRD).

Operating costs for the new machine could be up to 30 per cent below those in Austria and Germany due to lower timber and labour costs, according to CSFB.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks [illegible])	Wednesday July 10 1991: Index No.	Day's Change %	[illegible] Earnings Yield% (Max.)	[illegible] Div. Yield% (Act at (25%)	[illegible] P/E Ratio [illegible]	xd adj. [illegible] to [illegible]	Tue Jul 9: Index No.	Mon Jul 8: Index No.	Fri Jul 5: Index No.	Year ago (approx): Index No.
1 CAPITAL GOODS (184)	799.69	+0.6	10.87	6.03	11.35	18.16	794.76	793.49	798.77	879.53
2 Building Materials (24)	1010.70	+1.1	9.66	6.17	13.11	30.46	999.43	1004.69	1013.45	1098.72
3 Contracting, Construction (31)	1128.27	+0.2	9.87	6.92	13.38	31.87	1125.47	1142.18	1153.53	1428.06
4 Electricals (10)	2301.87	+0.8	11.16	5.82	11.41	61.85	2283.27	2276.84	2288.24	2470.29
5 Electronics (25)	1707.09	+1.0	8.83	5.27	15.06	10.13	1690.04	1689.41	1698.57	1810.16
6 Engineering-Aerospace (8)	407.65	....	16.80	6.15	7.15	10.83	407.89	403.33	404.99	479.85
7 Engineering-General (46)	433.03	-0.3	12.74	5.82	9.61	9.92	434.54	433.43	435.67	489.10
8 Metals and Metal Forming (8)	438.68	+0.8	16.08	8.05	7.64	3.82	435.19	428.36	433.28	481.81
9 Motors (12)	298.85	-0.9	13.22	8.09	8.92	9.98	301.47	298.69	302.00	363.46
10 Other Industrial Materials (20)	1522.49	+1.0	9.21	5.27	12.78	34.85	1507.69	1500.52	1507.04	1594.51
21 CONSUMER GROUP (187)	1467.86	+0.8	8.02	3.70	15.34	22.68	1456.90	1444.95	1456.63	1306.70
22 Brewers and Distillers (22)	1774.51	+0.9	8.68	3.73	14.05	27.45	1758.35	1755.06	1774.55	1614.72
25 Food Manufacturing (19)	1183.13	....	9.70	4.18	12.73	23.29	1183.77	1178.58	1186.78	1092.38
26 Food Retailing (17)	2659.52	+0.4	8.07	3.15	16.24	39.61	2649.74	2613.22	2639.50	2523.84
27 Health and Household (22)	3588.90	+0.2	5.33	2.40	21.41	30.21	3580.61	3535.73	3555.76	2610.36
29 Hotels and Leisure (23)	1221.89	+1.6	10.73	5.67	11.07	23.89	1202.19	1196.09	1206.10	1457.82
30 Media (26)	1379.56	+1.9	9.27	5.10	13.67	29.60	1353.33	1342.46	1352.67	0.00
31 Packaging, Paper & Printing (17)	711.03	+0.3	7.92	4.64	15.25	14.33	708.75	696.39	696.03	614.92
34 Stores (32)	907.04	+1.7	8.55	4.00	[illegible]	16.28	891.88	884.83	894.55	803.97
35 Textiles (9)	530.21	-0.4	9.45	5.85	13.13	13.79	532.52	535.98	535.98	496.46
40 OTHER GROUPS (109)	1232.38	+0.8	10.16	5.21	12.13	21.16	1222.67	1214.53	1217.00	1198.80
41 Business Services (12)	1271.33	+0.9	9.02	5.12	13.54	29.13	1260.43	1251.25	1253.16	0.00
42 Chemicals (21)	1398.41	+0.1	8.00	5.16	14.10	32.35	1396.98	1385.74	1385.21	1277.59
43 Conglomerates (10)	1420.78	+0.9	10.73	7.30	11.26	31.93	1407.44	1390.41	1399.58	1623.95
44 Transport (13)	2145.60	+0.4	8.81	4.97	14.06	46.60	2137.77	2145.14	2160.78	2324.09
45 Electricity (16)	1214.30	+0.6	14.22	5.35	8.98	0.00	1207.58	1205.36	1202.05	0.00
46 Telephone Networks (4)	1483.13	+2.2	10.00	4.11	13.08	5.58	1451.72	1432.56	1432.73	1260.83
47 Water (10)	2290.30	-0.6	18.04	6.72	6.13	118.37	2303.73	2330.95	2322.26	1976.66
48 Miscellaneous (23)	1983.64	-0.2	6.10	4.87	21.27	47.71	1986.80	1973.39	1989.40	1826.22
49 INDUSTRIAL GROUP (480)	1229.82	+0.7	9.26	4.64	13.30	21.39	1220.77	1212.91	1219.98	1178.39
51 Oil & Gas (20)	2415.69	+0.5	11.24	5.67	11.71	50.59	2403.92	2382.02	2399.57	2302.00
59 500 SHARE INDEX (500)	1330.13	+0.7	9.52	4.77	13.07	23.79	1320.77	1311.81	1319.71	1272.88
61 FINANCIAL GROUP (94)	779.58	+0.5	-	6.08	-	20.71	775.91	771.28	779.34	807.00
62 Banks (9)	877.09	+1.5	6.83	6.31	22.14	22.63	863.96	857.80	873.48	863.67
65 Insurance (Life) (7)	1471.23	-0.8	-	5.62	-	41.64	1483.23	1470.83	1478.12	1471.34
66 Insurance (Composite) (6)	665.08	-0.1	-	6.59	-	20.23	665.79	662.93	666.94	688.55
67 Insurance (Brokers) (8)	1152.14	+1.1	6.77	5.88	19.14	29.60	1139.11	1123.57	1127.33	984.30
68 Merchant Banks (7)	417.25	-0.2	-	5.02	-	11.00	418.03	419.38	421.35	434.19
69 Property (37)	885.48	-0.5	6.97	5.27	19.87	19.29	889.59	885.73	890.77	1099.63
70 Other Financial (20)	257.68	....	11.12	7.00	11.25	7.80	257.65	257.74	258.06	288.33
71 Investment Trusts (70)	1192.45	+0.4	-	3.54	-	19.23	1187.48	1178.99	1186.04	1215.00
99 ALL-SHARE INDEX (664)	1197.17	+0.7	-	4.91	-	22.74	1189.20	1181.25	1189.05	[illegible]

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 9	Jul 8	Jul 5	Jul 4	Jul 3	[illegible] ago
FT-SE 100 SHARE INDEX♦	[illegible]	+20.5	[illegible]	[illegible]	2487.9	[illegible]	[illegible]	[illegible]	2448.2	[illegible]

FIXED INTEREST

PRICE INDICES	Wed Jul 10	Day's change %	Tue Jul 9	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (29)	121.42	+0.03	121.39	2.04	6.06
2 5-15 years (27)	131.71	-0.05	131.77	2.66	6.73
3 Over 15 years (9)	138.42	-0.19	138.68	2.35	6.44
4 Irredeemables (6)	151.73	-0.36	152.28	1.61	7.34
5 All stocks (71)	130.64	-0.04	130.69	2.43	6.57
Index-Linked					
6 Up to 5 years (1)	159.23	+0.11	159.05	0.53	2.72
7 Over 5 years (10)	145.72	+0.15	145.74	0.62	2.45
8 All stocks (11)	146.67	+0.15	146.68	0.62	2.46
9 Debs & Loans (56)	109.54	....	109.55	2.49	5.18

AVERAGE [illegible] REDEMPTION YIELDS		Wed Jul 10	Tue Jul 9	Year ago (approx.)
British Government				
1 Low	5 years	9.00	9.03	10.88
2 Coupons	15 years	9.89	9.85	10.88
3 (0%-7¾%)	20 years	9.89	9.85	10.88
4 Medium	5 years	10.25	10.24	12.27
5 Coupons	15 years	10.10	10.08	11.39
6 (8%-10¾%)	20 years	10.03	10.00	11.17
7 High	5 years	10.43	10.42	12.35
8 Coupons	15 years	10.23	10.21	11.61
9 (11%-)	20 years	10.12	10.10	11.39
10 Irredeemables		10.08	10.04	10.94
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	4.45	4.48	5.42
12 Inflation rate 5%	Over 5 yrs.	4.32	4.33	4.31
13 Inflation rate 10%	Up to 5 yrs	3.57	3.60	4.37
14 Inflation rate 10%	Over 5 yrs.	4.14	4.15	4.14
15 Debs & Loans	5 years	11.90	11.87	13.64
16	15 years	11.70	11.68	12.83
17	25 years	11.50	11.49	12.54

♦Opening index 2485.9; 9 am 2495.6; 10 am [illegible]; 11 am [illegible]; [illegible] 1 pm 2507.7; 2 pm 2506.6; [illegible] 30 pm 2508.2; 3 pm 2510.2; 4.10 pm 2508.5; (a) 2.52pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and [illegible] changes are published in Saturday issues. A list of constituents is available from the [illegible], The Financial Times, [illegible] London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products [illegible]. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, [illegible] EC3N 1DY. Tel: [illegible] 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	6	40	38
Corporations, Dominion and Foreign Bonds	8	0	12
Industrials	287	232	998
Financial and Properties	153	80	507
Oils	24	21	45
Plantations	0	0	10
Mines	46	10	105
Others	66	41	53
Totals	590	424	1,768

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON TRADED OPTIONS

Option		Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

● First Dealings [illegible] — July [illegible]
● Last Dealings [illegible] — July 19
● Last Declarations [illegible] — Oct. 10
● For settlement [illegible] — Oct. 21

For rate indications see end of London Share Service

Calls: Control Sec., Davy Corp., Doctus, Explaura, Lee (Arthur), Trident Pet., TV-am, Unichem, WPP. Puts: [illegible] Reel Time [illegible] Put & Call: Control Secs.

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Manweb beats forecast with £59m

By Juliet Sychrava

MANWEB, the north-west regional electricity distributor and the last of the privatised electricity companies [illegible] report results, yesterday announced pre-tax profits [illegible] £59m for the [illegible] ended March 1991, 12.4 per cent higher than the [illegible] in [illegible]

Earnings per share, calcu[illegible] [illegible] if the [illegible] had [illegible] privatised for a full year, were 34.3p.

The final dividend was 11.2p per share, as forecast.

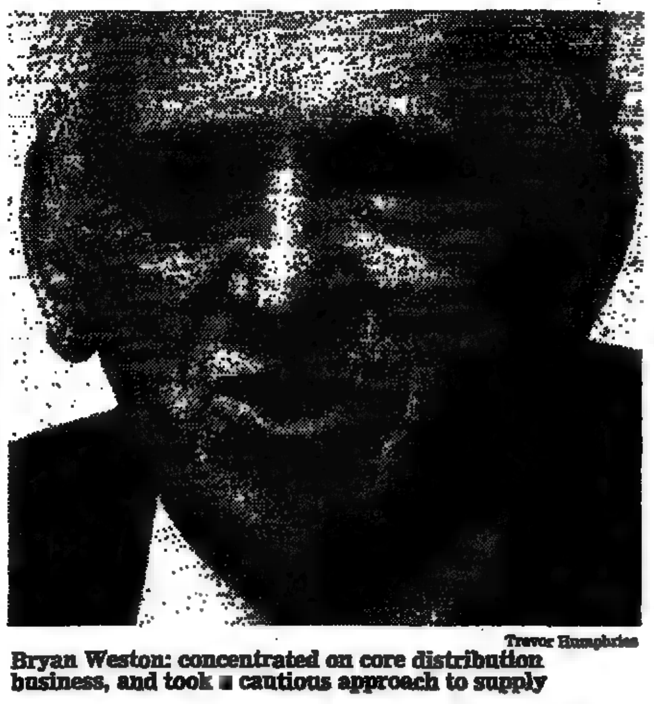
The distribution [illegible] generated the lion's share of [illegible] £61m operating profit, the company said, with [illegible] £5m profit from the supply bus[illegible] and [illegible] £1m loss from the [illegible] and contracting businesses.

Unexpectedly [illegible] [illegible] had added around £5m to the profit [illegible] at flotation, Mr Bryan Weston, [illegible] company's [illegible], said yesterday.

[illegible] £4m, approximately, was [illegible] to [illegible] lower-than-anticipated [illegible] of purchasing electricity [illegible] pool, or [illegible] market, last year.

The remaining improvement in profits was [illegible] cutting [illegible] Mr Weston said.

Apart from controlling costs, the company had concentrated on its core distribution busi[illegible] [illegible] had [illegible] a cautious approach [illegible] supply, [illegible] said. "Overall [illegible] year [illegible] stuck to our knitting and it has [illegible] highly successful," he said.



Trevor Humphries

Bryan Weston: concentrated on core distribution business, and took a cautious approach to supply

Turnover [illegible] marginally higher [illegible] prospectus [illegible] at [illegible]

Although sales to industrial [illegible] fell slightly, [illegible]mercial [illegible] by [illegible] respectively.

[illegible] unexpected [illegible] from [illegible] weather, [illegible] said [illegible] had been able to make an exceptional provision of £15m to fund [illegible] voluntary redundancy [illegible] would lead to operating [illegible] savings of around £10m in the year to March 1992, the company said.

Gearing at the year-end was 28.1 per cent and the company expected that to be reduced steadily throughout the current year.

● **COMMENT**

Ever since its flotation Manweb has made a point of "sticking to the knitting," aiming, as Mr John Roberts said yesterday, to be "a high quality, low cost utility business." [illegible]ming down now, Mr [illegible] hinted yesterday, [illegible] the company fit and ready to take more dynamic action five or six years down the line, if it so chooses. So far, however, Manweb has not invested in power generation projects, and, like South Wales which also reported results today, it has declared itself happy to do without the high-risk, low-margin supply business of buying electricity and selling it on. Over the next few years, Manweb's business will be about cutting costs, and distributing more units, and turning round the retail business, which it expects to be in profit this year. With a convincing management and healthier regional economic growth than the City foresaw at flotation, it should have few problems. The only [illegible] it runs is the long-term risk of failing to keep its hand in if, as some analysts believe, 1994 sees electricity regulations change to make supply business potentially more profitable.

Lowndes Lambert floated with £67.7m tag

By Richard Lapper

LOWNDES LAMBERT, [illegible] yesterday [illegible] a price of [illegible] per share, valuing [illegible] company [illegible] £67.7m.

Kleinwort [illegible] Securities, which [illegible] bringing [illegible] company [illegible] market, [illegible] placing nearly [illegible] shares worth [illegible] £24.5m, [illegible] which some [illegible] being [illegible] public.

Lowndes has grown impressively since the management buy-out from merchant bankers Hill Samuel in 1988, when it was valued at £15m.

The offer will raise about £15m in new money, of which £7m will be used to redeem preference shares issued at the time of the MBO. Some £4m will be used to [illegible] debt, with [illegible] used to meet [illegible] and provide additional working capital.

[illegible] investors, led by Candover Investments and supported [illegible] and ECI Ventures, will reduce their holdings from 45 per cent to 28 per cent. The company's management [illegible] from 55 per cent to 34 per cent.

According to Mr Richard Shaw, [illegible] executive, [illegible] launch will improve Lowndes's profile in the US and [illegible] access to capital markets to [illegible] recent expansion.

[illegible] company has recorded impressive growth [illegible] recent years. Total income reached £60m in [illegible] 12 [illegible] to March 31 compared with £53.2m in 1989-90 and £39m in [illegible], [illegible] the [illegible] attributable to organic [illegible] of existing business as well as the successful acquisitions of Chandler Hargreaves and the [illegible] subsidiary [illegible] Bain [illegible].

Profits [illegible] by [illegible] cent to £7.36m in the year ending March 31 compared with £5.06m for the previous year and £3.94m in 1988. Pro-forma [illegible] earnings per share [illegible] on a fully diluted basis.

● **COMMENT**

At 290p per share, [illegible] Lambert looks [illegible] be competitively priced and [illegible] reasonably good bet. The share is on a historic [illegible] 14.1, compared [illegible] an average for the broking sector of between 18.7 (and between 16 and 17 for the smaller and medium-sized brokers). Profit growth over the past two years has been fuelled by acquisitions as well as organic growth [illegible] may not [illegible] heady [illegible]. Even so, growth of 10 per [illegible] year is possible. Although the downward trend in interest rates will continue to depress investment income, there are signs in some areas at least that insurance rates are beginning to rise. More than a quarter of the group's broking [illegible] comes from marine and aviation markets, where there are signs that rate [illegible] being pressed home [illegible] underwriters. Moreover, [illegible] has only a minimal [illegible] to the troubled [illegible] catastrophe insurance [illegible] has its [illegible] under [illegible]

Tony Ryan sells stake and quits Bank of Ireland

By Maggie Urry

MR TONY Ryan, the Irish businessman and farmer, has [illegible] his [illegible] per cent [illegible] in Bank of [illegible] and resigned from its [illegible]

He said he could "no longer devote the requisite time and attention to the bank due to the substantial nature of my other business commitments".

Mr Ryan is a co-founder of GPA, the aircraft leasing group based in Shannon. He is full-time chairman and chief executive and its fourth largest [illegible]. GPA is expected to be floated on the stock market next year.

Bank of Ireland shares were placed by Cazenove and BZW in a bought deal. The placing of 16.7m shares was done at 162p. Bank of Ireland shares yesterday fell 10p to 164p.

The brokers bought the shares at 158p, taking a profit of some £670,000 on the deal. One broker said that the placing was not the easiest to complete since Bank of Ireland does not have a big following outside Ireland. However, it was tied up within the morning with a lot of shares going to Dublin.

Mr Ryan bought his stake in Bank of Ireland in the summer of 1988 and [illegible] a [illegible] in October [illegible] year. Although Bank [illegible] Ireland [illegible] fell sharply [illegible], he said yesterday that he sold his investment in a "profitable manner". The [illegible] will have raised about £26.4m for Mr Ryan.

The placing came the day after Bank of Ireland's annual meeting, one of the few occasions during the year when directors are allowed to deal in shares. At the annual meeting shareholders heard that Bank of Ireland's US subsidiary, First New Hampshire Banks, bought in spring 1988, would lose another $20m (£12.4m) in the second quarter of the bank's year, after losing $20m in the first quarter.

See Observer

Wyko down 58% [illegible] second half collapse

By Richard Gourlay

WYKO, the [illegible] and [illegible] of industrial machinery components, yesterday reported a 58 per cent fall in taxable profits and cut its dividend after a collapse in sales and margins in the second half.

Pre-tax profits for the year to end-April declined from £3.64m to £1.53m on sales marginally lower at £48.4m.

Mr Philip White, chairman and chief executive, said the collapse in the second half had been unprecedented in the company's history.

Poor management of the domestic economy had not helped alleviate pressures from the worst slowdown in business activity in two decades, he said.

Earnings per share fell from 10.41p to 4.37p. The final dividend is 1.4p, bringing the total for the year to 2.8p (3.75p).

Profits in the distribution division dipped 33 per cent to £859,000.

UK manufacturing profits fell from £1.17m to £368,000, while profits in the international division, [illegible] accounts for about a third [illegible] sales, [illegible] from £1.19m to £298,000.

M and S chief gets top marks at his first annual meeting

By John Thornhill

[illegible] AT [illegible] and Spencer, [illegible] clothing [illegible] food retailer, have been hit by the extremely poor weather in the first three months of the financial year, shareholders [illegible] told yesterday.

[illegible] Mr Richard Greenbury, presiding over his first [illegible] meeting as chairman, [illegible] the vitally important Christmas period should again prove profitable thanks to tight cost control and improvements in efficiency.

[illegible] making his studiously cautious trading [illegible] Mr Greenbury then [illegible] to the moment he said [illegible] been [illegible] question time.

Standing on a vast dais surrounded by M and S's other 20 directors, Mr Greenbury was quickly confronted with the customary array of brickbats and plaudits from the hundreds of shareholders who packed the meeting.

One woman, who confessed to being "Marks and Spencer mad" delivered a eulogy about the directors' hard work.

"I have enormous respect for the company. They are founded on their own funds and they are not the lackeys of the banks. I have complete trust in what they do," she said.

The blushing Mr Greenbury thanked the shareholder for her kind words, even if they were somewhat over-generous. "I think you said you had just retired – see me afterwards," he hinted, perhaps with a job offer in public relations in mind.

But not all questions were [illegible] tame. [illegible] shareholder related how the store in Margate did not stock beachwear because it was not [illegible] a seaside town.

"What can I say? We have egg all over our faces," replied the contrite Mr Greenbury.

Another dissatisfied shopper harangued the board about the poor standards of the Richmond [illegible].

"I [illegible] three [illegible] that practically walked out [illegible] front door," [illegible] complained.

And other criticisms followed about the lack of South African wines in Bury St Edmunds and [illegible] shortage of larger-sized clothing in [illegible]shire.

But even though he fluffed a few of the resolutions, the novice chairman was given a favourable reception from M and S's diehard supporters.

"For your first meeting I think you have done very well," a shareholder commented to widespread applause.

The City smiled too [illegible] Mr Greenbury and M and S's shares rose 5p to 258p . Not bad for [illegible] man who succeeded Lord Rayner on the unpropitious date of April 1.

Beaverco auditors settle action out of court

By David Waller

PANNELL KERR Forster, the UK's ninth largest accountancy firm, is paying £1.63m to Beaverco, the USM-quoted consumer and industrial products manufacturer, in an out of court settlement in respect of [illegible] Body Sculpture, a Beaverco subsidiary.

Pannells, longtime auditor to both Beaverco and the Body Sculpture offshoot, is not accepting any liability and will remain as auditor to company and subsidiary.

Mr James Lees, Beaverco chairman, said the firm had behaved "impeccably" throughout and that there was no reason to change auditors.

The dispute between auditor and client arose last year after Beaverco took its stake in Body Sculpture, an importer of gymnasium equipment, from 49 to 100 per cent. Soon after it increased its stake, it discovered significant losses in the accounts. In total, these have cost the parent company in the region of £4.5m.

Body Sculpture's losses [illegible] the main cause of the group's pre-tax deficit of £177,000 in the year to March 31 [illegible] compared with the previous year's £2.14m profit.

After the company reported the losses it went through a substantial restructuring programme involving the sale of 16 loss-making businesses in the space of six months.

The settlement proceeds will be used to reduce the company's gearing.

British Gas to take stake in German gas distributor

[illegible] Deborah Hargreaves

BRITISH GAS has agreed to buy a 24 per cent stake in [illegible] distribu[illegible] company [illegible] up [illegible] Germany at [illegible] of some [illegible].

Gasversorgung Sachsen [illegible] will distribute gas in the [illegible] region, previously part of East Germany.

British Gas is in partnership with two German energy companies, Vereinigte Elektrizitätswerke Westfalen and Westfälisches Ferngas. The company will service a region which has almost 2m inhabitants and about 350,000 domestic [illegible] industrial [illegible].

[illegible] investment is part of British Gas's strategy [illegible] moving into eastern Germany. The company is negotiating with the Treuhand organisation, which [illegible] set [illegible] businesses, to buy [illegible] 5 per cent stake in Verbundnetzgas, the [illegible] German [illegible] transmission network.

It is also looking at stakes in gas distribution companies in Leipzig and Magdeburg.

Mountleigh and Rothschild part

By Daniel Green

Mountleigh, the property and retailing group which is in the midst of a £96m rights issue, and NM Rothschild, its mer[illegible] bank adviser [illegible] parted company after several months of strained relations.

Rothschild formally resigned on Monday, having delayed the move until after the cash call was launched on July 5.

The merchant bank had not advised Mountleigh closely since [illegible] bid [illegible] Corporation, [illegible] the US on February 11. The [illegible] bid was [illegible] on March 1.

In addition, Rothschild [illegible] no [illegible] in the rights which accompanied the announce[illegible]

[illegible] came six [illegible] Gordon P Getty family [illegible] bought an 11 per [illegible] in Mountleigh.

Cityvision falls 58% to £3.5m

[illegible] Richard Gourlay

CITYVISION, the UK leader in the [illegible] rental market, yesterday reported a 58 per cent fall in interim profits as the recession affected consumer spending.

Pre-tax profits for the six months to end-May fell from £8.37m to £3.51m on sales up 12 per cent at £39.8m (£35.6m).

Mr Bev Ripley, chairman, said the decline in spending on video rentals had hit profitability disproportionately [illegible] of the fixed [illegible] high gross margins [illegible] films.

[illegible] being cut and the company [illegible] confi[illegible] that when consumer spending [illegible] profits would increase significantly.

Fully diluted earnings per share fell from 3.87p to 1.52p. The interim dividend is maintained at 0.5p.

During the period Cityvision began selling ex-rental tapes from [illegible] Ritz Video stores. Mr Ripley [illegible] that the reve[illegible] from these sales confirmed the validity [illegible] Cityvision's depreciation policy.

The company stirred a lively debate in the industry after its decision in 1988 to double the period length of time over which it [illegible] its tapes.

[illegible] rental [illegible]nies [illegible] chosen a more conservative approach, some depreciating over as little as 12 months compared to the 30 months Cityvision has adopted.

Mr Ripley said the second half of the year had started well helped by wet weather, strong new releases and lower poll-tax bills.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
[illegible] Paul § ....fin	2.4	[illegible]	2.1	[illegible]	3
BWD [illegible] § ....int	1.3	[illegible] 4	1	-	1.75
[illegible] ....int	[illegible]	Nov 22	0.5	-	1
Dixons ....fin	4.2☆	[illegible] 30	[illegible]	5.8	5.6
Harris (Philip) ....fin	[illegible]	[illegible] 9	3.75	5.75	[illegible]
Leslie [illegible] ....[illegible]	1.75†	Oct 1	1.75	-	[illegible]
Manweb ....fin	11.2	Oct 9	-	11.2	-
M&G Dual Trust ....int	[illegible]	Aug 23	29.4	-‡	66.3
South Wales Elec ....fin	11.8	October	-	11.8	-
[illegible] & [illegible] ....fin	105	Oct 31	90	105	90
Tops [illegible] ....fin	1.3☆	[illegible] 24	1.6	[illegible]	1.6
[illegible] ....[illegible]	1.4	Oct 1	2.35	2.8	3.75

[illegible] shown [illegible] *Equivalent [illegible] allowing for scrip issue. †On [illegible] by [illegible] acquisition [illegible] §USM [illegible] ☆Scrip option. ‡Total [illegible] 66.83p forecast.

Solid progress in core businesses

Manweb plc: Preliminary Results for the year ended 31st March, 1991.

	[illegible] £ million	Prospectus Forecast £ million
TURNOVER	829	816
PROFIT BEFORE TAX	59	52.5
PROFIT AFTER TAX	44	42.8
DIVIDEND PER ORDINARY SHARE	11.2p	11.2p
EARNINGS PER SHARE	36.7p	36.0p

- Profits £59 million, 12% [illegible] prospectus forecast.
- Recommended final dividend of 11.2p per Ordinary Share, [illegible] paid on 9th October 1991.
- Core business [illegible] distribution and supply being driven hard.
- Continued improvement in efficiency, resulting in reduced costs while maintaining high [illegible] of customer service.
- Options for diversification being considered with the intention of becoming involved only if appropriate returns [illegible] be achieved.

Manweb

Trust us to find a better solution

The Annual General Meeting of the Company will be held at 11.00 a.m. on 19th September 1991 at Chester Race Course, The Roodee, Chester. The notice for the Annual General Meeting will be mailed to shareholders with the Annual Report and Accounts in early August.

For further information call our Shareholder [illegible] 0839 500 543*

*Calls at peak rates will be charged at 48p per minute and 36p per minute at any other time.

MITSUBISHI ELECTRIC

[illegible] Depositary Receipts evidencing 100 [illegible] each [illegible] by Morgan Guaranty Trust Company of New York Brussels Office

Renewal of BDRs and coupons sheets

Starting from July 11th, 1991, the Bearer Depositary Receipts (BDRs) representing shares of the company mentioned above will be exchanged for BDRs bearing new coupons sheets.

The new BDRs will be issued in denominations of 1, 10 and 100 with coupons numbers 41 to 76 attached.

BDR holders are requested to present their BDRs mantles to the address indicated hereunder.

The BDRs will be exchanged free of charge, except for possible delivery and insurance expenses.

Dividend distribution

[illegible] distribution of $3.93 per depositary share less any applicable taxes will be payable from July 11th on, upon presentation of coupon number 41 at any of the following offices:

Morgan Guaranty Trust Company of New York
- New York, 30 West Broadway
- Brussels, 35 avenue des Arts, 1040 Brussels
- London, 1 Angel Court
- Paris, 14 Place Vendome
- [illegible], 46 Mainzer [illegible]
- Credit Industriel d'Alsace et de Lorraine, Grand Rue 103, Luxembourg

Net rate:
3.34 (after deduction of 15% Japanese withholding tax)
3.14 (after deduction of 20% Japanese withholding tax)

BDR holders who wish to and are entitled to receive payment of dividend under deduction of 15% Japanese withholding tax must provide the Depositary with a declaration of residence by December [illegible] 1991

Depositary: Morgan Guaranty Trust Company of New York 35 avenue des Arts, 1040 Brussels

DECLARATION OF DIVIDENDS

UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the standard conditions relating to the payment of the undermentioned dividends, payments from the office of the United Kingdom Registrar will be made in United Kingdom Currency at the rate of exchange of R4.7119 South African currency = £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 9 July 1991, as advised by the companies' South African bankers. The United Kingdom currency equivalents of the dividends are therefore as follows:

Name of Company (All companies are incorporated in the Republic of South Africa)	Dividend No.	Date Dividend Declared	Amount per share
Gold Fields of South Africa Limited (convertible redeemable cumulative preference shares)	14	6 June	30.77315p
Deelkraal Gold Mining Company Limited	17	11 June	2.12229p
Driefontein Consolidated Limited	36	11 June	20.16172p
Kloof Gold Mining Company Limited	43	11 June	10.61143p
Gold Fields Coal Limited	156	14 June	8.48914p

By order of the boards
per pro GOLD FIELDS CORPORATE SERVICES LIMITED
London Secretaries
S.J. Dunning, Secretary

London Office: Greencoat House, Francis Street, London, SW1P 1DH

United Kingdom Registrar: Barclays Registrars Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

9 July 1991

MEMBERS OF THE GOLD FIELDS GROUP

This document is issued in compliance with the requirements of the Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange") pursuant to section 154 of the Financial Services Act 1986. The issue of this document has been authorised by the Council of the London Stock Exchange without approval of its [redacted]

This document contains the terms and conditions of application, notes on the procedure for application, an application form and statements of a factual nature drawn from the listing particulars dated 10 July 1991 (the "Listing Particulars") which have been published by Lowndes Lambert Group Holdings plc (the "Company") and should be read in conjunction with such Listing Particulars which alone contain full details of the history and business of the Company. The directors of the Company are satisfied that this document contains a fair summary of the key information set out in the Listing Particulars. Application has been made to the Council of the London Stock Exchange for the whole of the ordinary share capital of the Company, issued and now being issued, to be admitted to the Official List. It is expected that definitive share certificates will be despatched on 26 July 1991, the Ordinary Shares will be admitted to the Official List on 29 July 1991 and that dealings will commence on 29 July 1991. The application list for the Ordinary Shares now being offered will open at 10.00am on Friday, 19 July 1991 and will close as soon thereafter as Kleinwort Benson Securities Limited may determine. Definitions set out in the Listing Particulars shall also apply in this document unless the context requires otherwise.

Lowndes Lambert Group Holdings plc

(Incorporated in England under the Companies Act [redacted] with registered number 2140840)

Placing and Offer

by

Kleinwort Benson Securities Limited

of

8,451,547 Ordinary Shares of 5p each
at 290p per share
payable in full on application
of which 5,172,414 shares are being placed
and 3,279,133 shares [redacted] being
offered to the public

Share capital following the Placing and Offer

[redacted]			Issued and now being issued, fully paid	
[redacted]	[redacted]		£	Number
1,650,000	[redacted]	Ordinary Shares of 5p each	1,167,712	23,354,234

The Ordinary Shares now being offered will rank in full for all dividends and other distributions hereafter declared, made or paid on the Ordinary Shares of the Company.

Indebtedness

At the close of business on [redacted] June 1991, the Company and its subsidiaries had outstanding borrowings of £10,000,000, comprising secured bank loans repayable in one to five years of £6,750,000, after five years of £1,250,000 and an unsecured bank loan of £2,000,000, hire purchase obligations and leasing commitments of £488,000, and also had contingent liabilities of £2,410,250 in the form of counter indemnities (further details of which are set out in paragraph 4(c) of Part XIII of the Listing Particulars) given to two banks in respect of guarantees given by the banks on behalf of certain Directors and senior employees.

Save as disclosed above and apart from intra-group indebtedness, at the close of business on [redacted] June 1991 neither the Company nor any of its subsidiaries had any loan capital outstanding or created but unissued or any other borrowings or indebtedness in the nature of borrowings, including term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, any mortgages, charges, hire purchase commitments or obligations under finance leases, guarantees or other material contingent liabilities.

AVAILABILITY OF LISTING PARTICULARS

Listing Particulars are included in the Companies Fiche Service available from the London Stock Exchange. Copies of the Listing Particulars may be obtained by collection only during usual business hours up to and including 13 July 1991 from the Company Announcements Office at 46-50 Finsbury Square, London EC2 and during usual business hours on any weekday (Saturday and public holidays excepted) up to and including 25 July 1991 from any of the Company's business addresses in the UK and from:

Kleinwort Benson [redacted] Limited
PO Box 560
20 Fenchurch Street
[redacted] EC3P 3DB

Lowndes Lambert Group Holdings plc
Lowndes Lambert House
53 Eastcheap
London EC3P 3HL

National Westminster Bank PLC
New Issues Department
PO Box 33
153–157 Commercial Road
London E1 [redacted]

National Westminster Bank PLC
New Issues Department
27 Old Broad Street
London EC2N 1HQ

and at the following branches of National Westminster Bank PLC:

Birmingham	Edinburgh	Leeds	Newcastle-upon-Tyne	Swindon
Colmore Centre 103 Colmore Row Birmingham [redacted] 3NS	80 George Street Edinburgh EH2 3DZ	8 Park Row Leeds LS1 1QS	87 Grey Street Newcastle-upon-Tyne NE1 6ER	84 Commercial Road [redacted] SN1 [redacted]
Bristol 32 Corn Street Bristol BS99 7UG	**Glasgow** 14 Blythswood Square Glasgow [redacted] 4AQ	**Manchester** 55 King Street Manchester M60 2DB	[redacted] 45 London Street Norwich NR2 1HX	

Kleinwort Benson Securities is a member of the London Stock Exchange and the Securities and Futures Authority Limited.

11 July [redacted]

TERMS AND CONDITIONS [redacted] APPLICATION

1. The contract resulting from each acceptance of an application under the offer (the "Offer") of Ordinary Shares of 5p ("Ordinary Shares") each in Lowndes Lambert Group Holdings plc (the "Company") at 290p per share (the "Offer price") will be conditional on the whole of the ordinary share capital of the Company, issued and to be issued, being admitted to the Official List by the Council of the London Stock Exchange and such admission becoming effective in accordance with the rules of the London Stock Exchange not later than 22 August 1991 and on the offer agreement (the "Offer Agreement") referred to in paragraph 6 of Part XIII of the Prospectus dated 10 July 1991 relating to the Offer (the "Prospectus") becoming wholly unconditional and not being terminated in accordance with its terms before such admission becomes effective. Monies collected in respect of applications will be returned through the post to the address of the first-named applicant at the risk of the person(s) entitled thereto by returning the applicant's cheque or banker's draft or by sending a crossed cheque in favour of the applicant and without interest if the conditions stated above are not satisfied. In the meantime such monies will be retained by National Westminster Bank PLC, New Issues Department, in a separate account.

2. The right is reserved to present cheques and banker's drafts for amounts payable on application for payment on receipt by National Westminster Bank PLC, New Issues Department, or before the conditions stated in paragraph 1 above are satisfied [illegible]

[illegible]

8. In accordance with the arrangements described under "Arrangements for employees" below, up to five per cent. of the Ordinary Shares the subject of the Offer to the public are being reserved to meet applications by UK employees and executive Directors of the Group ("eligible employees"). Such applications must be made on the special Priority Application Forms which are being made available to such persons.

9. All documents and cheques sent by post will be at the risk of the person(s) entitled thereto.

10. The dates and times referred to in these "Terms and Conditions of Application" may be altered by Kleinwort Benson Securities so as to be consistent with the Offer Agreement (as the same may be varied from time to time).

Arrangements for employees

Up to 163,957 Ordinary Shares (representing five per cent. of the Ordinary Shares available under the Offer to the public) are being reserved in the first instance to meet applications by or for the benefit of eligible employees. Such applications must be made on the Priority Application Form which has been made available to such persons. Excess applications on the Priority Application Forms will be treated as having been made on a public Application Form unless Kleinwort Benson Securities in its absolute discretion, after consulting the Company, has rejected the application.

Listing and dealing arrangements

Applications must be sent by post or delivered by hand to National Westminster Bank PLC, New Issues Department, PO Box 33, 153–157 Commercial Road, London E1 2DB so as to be received by no later than 10.00 a.m. on Friday, 19 July 1991, or delivered by hand only either at National Westminster Bank PLC, New Issues Department, 27 Old Broad Street, London EC2N 1HQ so as to be received no later than 10.00 a.m. on Friday, 19 July 1991, or at National Westminster Bank PLC, 84 Commercial Road, Swindon, SN1 5NU so as to be received by no later than 3.00 p.m. on Thursday, 18 July 1991. The basis on which applications have been accepted will be announced as soon as possible after the application list closes. It is expected that definitive share certificates will be posted to successful applicants on 26 July 1991. It is expected that dealings in the Ordinary Shares will commence on Monday, 29 July 1991. Dealings prior to receipt of definitive share certificates will be at the risk of the applicant(s). A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

PROCEDURE FOR APPLICATION

The following notes should be read in conjunction with the Application Form:

(1) Insert in Box 1 (in figures) the number of Ordinary Shares for which you are applying. Applications must be for a minimum of 100 Ordinary Shares or must be applied for in one of the following multiples.
- for more than 100 shares, but not more than 1,000 shares, in a multiple of 100 shares
- for more than 1,000 shares, but not more than 10,000 shares, in a multiple of 1,000 shares
- for more than 10,000 shares, but not more than 100,000 shares, in a multiple of 10,000 shares
- for more than 100,000 shares, in a multiple of 100,000 shares

(2) Insert in Box 2 (in figures) the amount of your cheque or banker's draft.
The amount of your cheque or banker's draft should be the Offer price of 290p multiplied by the number of shares inserted in Box 1.
For example:

Number of Ordinary Shares applied for	Amount you must pay
100	£290
500	£1,450
1,000	£2,900
10,000	£29,000

(3) Sign and date the Application Form in Box 3.
The Application Form may be signed by someone else on your behalf and/or on behalf of any joint applicant(s) if duly authorised to do so, but the original power(s) of attorney or a duly certified copy thereof must be enclosed for inspection and will be returned in due course. A corporation should sign under the hand of a duly authorised official whose representative capacity must be stated.

(4) Insert your full name and address in BLOCK CAPITALS in Box 4.

(5) You must pin a single cheque or banker's draft to your completed Application Form. Your cheque or banker's draft must be made payable to "National Westminster Bank PLC" for the full amount payable on application as inserted in Box 2 and should be crossed "Not Negotiable – Lowndes Lambert Group Holdings plc".
No receipt will be issued for this payment, which must be solely for this application.
Your cheque or banker's draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the London and Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be presented for payment [redacted] the clearing facilities provided for th[redacted] Clearing Houses and must bear the appropriate sort code number in the top right hand corner.
Applications may be accompanied by a cheque drawn by someone other than the applicant(s), but any monies to be returned will be sent by crossed cheque in favour of the person named in Box 4.

(6) You may apply jointly with other persons.
You must then arrange for the Application Form to be completed by or on [redacted] joint applicant (up to a maximum of three other persons). Their full names and addresses should be inserted in BLOCK CAPITALS in Box 6. Definitive share certificates in the names of the joint applicants will be sent to the applicant named in Box 4.

(7) Box 7 must be signed by or on behalf of each joint applicant (other than the first applicant who should sign in Box 3 and complete Box 4).
If anyone is signing on behalf of any joint applicant(s), the original [redacted] of [redacted] or a duly certified copy thereof must be enclosed for inspection.

You must send the completed Application Form together with the cheque or banker's draft by post, or deliver it by hand, to National Westminster Bank PLC, New Issues Department, PO Box 33, 153–157 Commercial Road, London E1 2DB or, deliver it by hand only, either to National Westminster Bank PLC, New Issues Department, 27 Old Broad Street, London EC2N 1HQ so as to be received no later than 10.00 a.m. on Friday, 19 July 1991, or to National Westminster Bank PLC, 84 Commercial Road, Swindon, Wiltshire SN1 5NU, so as to be received no later than 3.00 p.m. on Thursday, 18 July 1991. Any person signing this Application Form under a power of attorney must enclose the original power of attorney (or a duly certified copy thereof) for inspection.

Photostat copies of the Application Form will not be accepted.

KEY INFORMATION

The following information should be read in conjunction with the full text of the Listing Particulars from which it is derived.

Lowndes Lambert is a long-established international insurance broker which provides a comprehensive range of insurance broking services through its headquarters in London, its 18 regional branches in the UK and its 24 overseas offices in 11 countries. It is currently ranked in the top 20 in the world in terms of broking revenue. The Group is not involved in the operation of members' agencies or managing agents at Lloyd's.

History

Lowndes Lambert can trace its origin back 150 years to the coal factoring business set up by Francis Devereux Lambert which developed into shipping and insurance broking. The business was acquired by Hill Samuel [redacted] Co. Limited in 1968. In 1979, Richard Shaw joined the Group as Chief Executive and instituted a major reorganisation of the Group.

In June 1988, 55 members of the management, together with institutional investors led by Candover Investments and supported by Alan Patricof Associates and ECI Ventures, effected a management buy-out of Lowndes Lambert. Since the MBO, the most significant of the Group's acquisitions [redacted] been [redacted] Hargreaves [redacted] and the Australian broking [redacted] of Bain Clarkson.

Divisional act[redacted]

The Group's [redacted] is generated [redacted] as an [redacted] insurance and reinsurance broker servicing the needs of a wide and varied range of clients. The five United Kingdom divisions trade as agents for Lowndes Lambert Group Limited, the main operating subsidiary. All Group companies operate in close co-operation with each other to give clients access to a comprehensive range of services. The structure of the Group is as follows:

Lowndes Lambert Group Holdings plc

Lowndes Lambert Group Limited *UK based activities*	Lowndes Lambert Overseas (Holdings) Limited *Overseas based activities*
UK Division *Non-marine UK business and life and pensions*	**Australia** *Lowndes Lambert Australia Limited*
Professional Indemnity Division *Architects & Professional Indemnity*	**France** *La Société Nouvelle S.A. (45 per cent. associate company)*
Marine and Aviation Division *Oil and Energy, Cargo, Hull and Aviation*	**Hong Kong** *Lambert Brothers Insurance Brokers Limited*
North American Division *North American non-marine insurance and reinsurance*	**Canada** *Lowndes Lambert Group Canada Limited*
International Division *International reinsurance, non-marine insurance and Construction*	**Other overseas activities** *Italy, Spain, United States, Greece, Norway, Malaysia, Gibraltar, Channel Islands*

Key business strengths

The Directors consider the key business strengths of the Group to be
- the breadth and quality of its international client base. The Group acts as insurance broker to a number of major international companies, although no single client accounts for more than two per cent. of the brokerage income of the Group.
- the broad spread of its insurance broking services. The Group's wide range of business has enabled it to avoid a dependence on specialist and sometimes volatile sectors of the insurance market.
- the skill and experience of its management. In an industry where there is a relatively high turnover of staff, a considerable proportion of senior employees have been with Lowndes Lambert for many years.
- the motivation of Directors and staff arising from a significant and continuing interest in the equity of the Company. The continuing involvement of senior management and staff in the equity of the Company following flotation underlines their commitment to the Group.
- the proven ability to generate growth by new business development and successful acquisitions.

Prospects

Over the last few years the insurance market has seen generally decreasing premium rates. The Directors believe increased reinsurance rates and the recent heavy losses suffered by insurers are beginning to be reflected in insurance premium rates. The Directors consider that premium rates have in general stabilised and, in some classes of business handled by the Group, are now increasing. If the increase in premium rates becomes more widespread, as is anticipated by the Directors, both income and operating profits will benefit.

The Directors believe that there are considerable opportunities for increasing business by supplying a wider range of insurance products to existing clients and by winning new business. Due to the broad spread of its business, the Group competes against most other brokers, from the largest international groups to high street outlets. The Directors believe that, despite the high level of competition, the Group is well placed to gain market share.

Trading in the current year has been encouraging. The Directors believe that with its established client base, spread of business and its ability to win new clients, the Group is well positioned to continue its profitable growth.

Trading record

The information in the following table has been extracted from the Accountants' Report set out in Part XI of the Listing Particulars.

	Years ended 31 March 1991 £'000	1990 £'000	1989 £'000
Turnover			
—Group companies	43,328	37,434	28,307
—Group [redacted] of [redacted] companies	10,057	8,699	6,182
	53,385	46,133	34,489
[redacted] and [redacted] income	6,626	7,060	4,491
Total [redacted]	60,011	53,193	38,980
Group profit before taxation	7,356	5,075	3,194
[redacted]ings per share—[redacted]	21.3p	14.0p	8.7p
—fully diluted	20.1p	13.2p	8.2p

The Group has reported increased brokerage income each year since the completion of its reorganisation in 1981. During this period the Group has experienced trading in all phases of the insurance market cycle. Notwithstanding a particularly soft market in the last few years, the Group has significantly increased its earnings during this period. The increase in total income from £39 million in the year ended 31 March 1989 to £60 [redacted] in the year ended 31 March 1991 reflects both strong organic growth and the acquisition of Chandler Hargreaves and the Australian broking businesses of Bain Clarkson in the year ended 31 March 1990.

Interest and other income principally arises from interest earned on monies held on behalf of the insurer and the insured and is an integral part of the broker's remuneration.

Offer statistics

Offer price	290p
Number of Ordinary Shares being offered	8,451,547
Ordinary Shares in issue following the Offer	23,354,234
Market capitalisation at the Offer price	£67.7 million
Pro forma 1991 earnings per share (1)—basic	21.4p
—fully diluted	20.5p
Price earnings multiple at the Offer price on the basis of pro forma 1991 earnings per share (1)—basic	13.6 times
—fully diluted	14.1 times
Notional net dividend per share (2)	11.5p
Notional gross dividend yield at the Offer price (2)	5.3 per cent.
Notional dividend cover on the basis of the pro forma 1991 basic earnings per share (2)	1.86 times

Notes:
(1) The bases of calculation of the pro forma 1991 basic and fully diluted earnings per share are set out in Part XII of the Listing Particulars.
(2) The notional net dividend is based on what the Directors would have expected to recommend in respect of the year ended [redacted] March 1991 had the net proceeds of the Offer been available for the whole of that year.

Lowndes Lambert Group Holdings plc

Application Form

Offer by Kleinwort Benson Securities Limited of 3,279,133 fully paid Ordinary Shares of 5p each in Lowndes Lambert Group Holdings plc at 290p per Ordinary Share, payable in full on application

Before making any application to acquire shares you are recommended to consult an independent financial adviser authorised under the Financial Services Act 1986. You may only apply for shares in the proportions stated in Note 1 of the accompanying guide.

(1) I/We offer to purchase:

Ordinary Shares of 5p each in Lowndes Lambert Group Holdings plc (or any smaller number of shares for which this application is accepted) at 290p per [redacted] on the terms and subject to the conditions set out herein and in the Prospectus dated 10 July [redacted] and subject to the Memorandum and Articles of Association of Lowndes Lambert Group Holdings plc.
For which the amount payable is:

(2) £

(3) Signature Dated 1991

Please use BLOCK CAPITALS

(4) Mr, Mrs, Miss or title Forename(s) (in full)
Surname
Address (in full)
Postcode

(5) Pin here your cheque/banker's draft, made payable to "National Westminster Bank PLC" and crossed "Not Negotiable—Lowndes Lambert Group Holdings plc" for the amount in Box 2.

For Official Use Only
1. Form No.
2. Acceptance number
3. Shares allocated
4. Amount received £
5. Amount payable £
6. Amount returned £
7. Cheque number

Fill in Boxes [redacted] and [redacted] only when the application is being made jointly [redacted] on behalf of more than one person. The first or sole applicant should sign in Box 3 and complete Box 4. Insert in Box [redacted] the names and addresses of the second and subsequent applicants (up to a maximum of three additional applicants), each of whose signatures is required in Box 7.

Please use BLOCK CAPITALS

(6)

Mr, Mrs, Miss or title Forename(s)	Mr, Mrs, Miss or title Forename(s)	Mr, Mrs, Miss or title Forename(s)
Surname	Surname	Surname
Address Postcode	Address Postcode	Address Postcode

(7)

Signature	Signature	Signature

You must send the completed Application Form by post, or deliver it by hand, to National Westminster Bank PLC, New Issues Department, PO Box 33, 153–157 Commercial Road, London E1 2DB.

Hair and beauty side boosts Alan Paul to £3.74m

By Jane Fuller

"HAIRDRESSING is recession-proof," according to Mr Alan Moss, chairman of Alan Paul, which yesterday announced an acquisition-driven doubling of pre-tax profit and a [illegible] rights [illegible]

The USM-quoted company plans to [illegible] a full [illegible] in September.

Taxable profit [illegible] from £1.25m to £3.74m in the [illegible] to March 31, while turnover shot up from £7.97m to £49.81m.

Growth in fully diluted earnings per share was limited to 36 per cent, from 9.7p to 13.2p, because of extra shares in issue.

Most of the growth came from Essanelle, a chain of 253 hair and beauty salons operating mainly in department stores in the UK and Germany, bought for £8.45m in May 1990.

It contributed £2.5m profit on £40m of turnover. During the year, three other small hairdressing businesses were bought from receivers.

Overall the hair and beauty salons increased pre-tax profit to £4.24m (£733,000), offsetting a loss of £727,000 at The Body & Face Place, selling natural beauty products.

A small coffee shop business contributed £224,000.

Mr Moss said women kept having their hair cut, even if they cut back on permanent waves. "Middle-of-the-road pricing" and the "Friday-night-bop" factor had also cushioned the business.

The Body & Face Place, on the other hand, had suffered from difficult retailing conditions. A provision of £500,000 had been made to cover franchisees' debts.

Nearly half the £5.3m being raised in the 1-for-3 issue would be used to reduce debt from nearly £8m in March. The rest would be spent on refurbishing salons and on acquisitions.

Applying all the proceeds to cutting debt would bring gearing down from about 110 per cent to between 25 and [illegible] per cent, on increased shareholders' funds of £12.34m.

Interest costs last year rose to £912,000 (£386,000).

The price of the 6.5m new shares is 88p each, compared with a closing price of 101p, down 5p.

A recommended final dividend of 2.4p makes a total of 3.4p (3p).

COMMENT

Mr Moss's touching faith in the resilience of hairdressing will need to be justified this year with so many more shares to service. After the rights issue, there will be nearly 26m ordinary shares compared with about 7m before the Essanelle purchase. Other aspects of the company's growth have been equally [illegible]: when it floated in June 1989 it had 60 salons, by March it had 437; pre-tax profit has increased more than tenfold since 1987-88. But this year will be more difficult. A slower rate of expansion will mean less income from the sale of franchises, and the lower-margin Essanelle is expected to provide a larger proportion of profit. Reduced losses at The Body & Face [illegible] and lower interest charges will probably be the main [illegible] pre-tax profit ahead. A [illegible] of between £4.5m and £5m, and flat earnings, gives a prospective p/e of just under 8. This seems fair bearing in mind the risks in such a fast-growing organisation and some scepticism about the recession-proof nature of hairdressing.

Etam has designs on three women

Jane Fuller looks at the target of Oceana's £121m hostile bid

ETAM has a vision. It's called Sharon, Debbie and Anne, the fashion-conscious targets for its 230 high street shops.

The trouble is that its traditional market of Sharons – 18 to 24, working but on a low income – has been on the [illegible] since the baby-boom rolled through in the mid-1980s. In those halcyon days, there were more than 4.5m women aged 15 to 24. By last year the number had declined to 4.1m and the Office of Population Censuses and Surveys forecasts only 3.5m by 1996.

Etam's response has been to try to broaden its appeal to Debbie – 20 to 35, likely to be married and "more discerning" – and even Anne, 30 to 60, "functional" and "conservative". To cater for them, it has brought out new brands: for special occasions, maternity, larger and smaller figures.

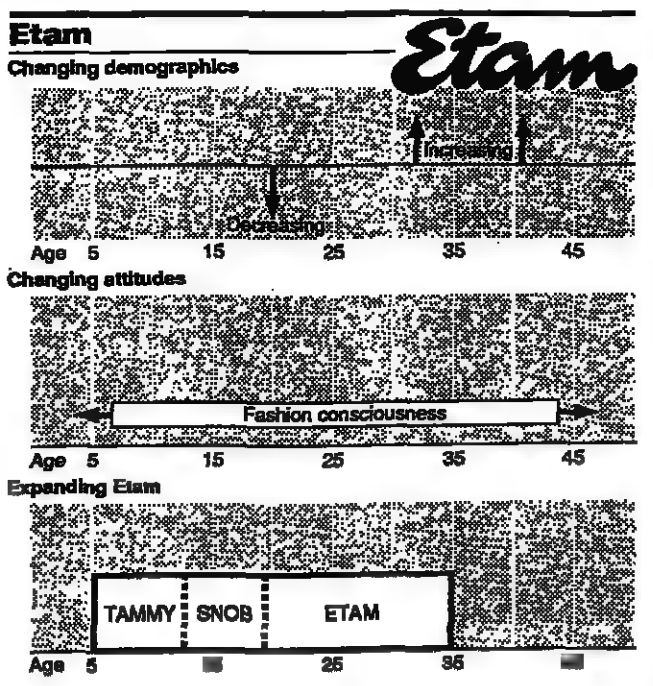
Just before it was summoned to battle by Oceana Investment Corporation, the vehicle for a South African retailing concern, Etam was stressing its efforts to stretch its age-range appeal, both upwards at its eponymous stores, accounting for more than 60 per cent of the business, and downwards through the teenage shopper at SNOB to the five-year-old debutantes at Tammy Girl.

It needed to stress these efforts. It was releasing the worst set of results for seven years at the tail end of a four-year investment programme that had seen £78m spent on a 60 per cent expansion of its floor space to 860,000 sq ft.

Pre-tax profits slipped from a record £17.9m in 1987-88 to £8.5m last year, accompanied by a dividend cut. Meanwhile, turnover grew by more than 80 per cent to £206.5m.

Oceana started buying the shares last June, when a first-half loss warning was issued. It paid as little as 64p for the first few per cent it acquired. The bid price of 185p, valuing Etam at £121m, was set in a tender offer and Oceana has more than 29 per cent of the equity.

Etam staged a second-half recovery, and then increased like-for-like sales in the first four months of this year.



But the background is inauspicious. This week, figures released by the Central Statistical Office showed the biggest fall in high street sales volumes since 1980. In May, womenswear was down 5 per cent by volume and 2 per cent by value. The wet weather in June will also have taken its toll, leaving more stock on the racks to fuel the price cutting now prevalent in the summer sales.

Etam's statements have been comparatively upbeat. Burton Group, which includes Top Shop and Dorothy Perkins, [illegible] last month [illegible] retail sales were running at 9 per cent below the previous year's depressed levels.

At Sears, where the Miss Selfridge, Wallis and Warehouse [illegible] performed strongly last year, Mr Michael Pickard, chief [illegible] [illegible] fashion market has [illegible] off [illegible] boil." He added, however, that although the number of young people was falling individual earning power was improving.

Even this offsetting factor is a mixed blessing. Ms Joan D'Olier, an analyst at County Nat West, said: "The demographic changes hit retailers in two ways. The market is shrinking so they have to reorientate towards older age groups. But to man the tills they rely on school leavers, who are becoming more expensive."

This highlights two rough patches as Etam adapts its business. First, it is not the only one trying to woo Debbie and Anne. Burton is expanding the Evans (large sizes) and Principles chains and Sears says it will focus its women's fashion growth on Wallis.

Although the demographics strongly support such switches, the grass is not uniformly greener. Already in the 30-plus market is Richards, part of the Storehouse group, and it has complained of intense competition. Pitching [illegible] the more conservative shopper also brings the chains up against the rock of Marks and Spencer, although the presence of weaker players, such as Next, suggests not all the competition is white hot.

Second, wages are just one of the rising fixed costs that, crossed with sagging sales, have had a pincer effect on margins. Rents reviews based on past good years and inflation-plus rises in the uniform business rate have often featured in the catalogue of reasons for lacklustre results.

Mr Keith Miles, Etam's finance director, said the high operational gearing meant increases in sales would quickly drop through to the bottom line, and the group was blessed with a strong balance sheet.

His view is endorsed by analysts who have marked Etam as a good recovery bet, especially with the potential in its recently developed shop space. But caution about the speed of economic recovery in the UK is nevertheless reflected in profit forecasts.

SG Warburg is forecasting a pre-tax profit of £10m for Etam this year, rising to £12m next year. The prospective multiples on the offer price are 18.7 and 15.5 respectively, 20 to 30 per cent ahead of the stores sector, which explains why some investors have taken the cash.

Since the middle of last year, Etam has focused on exploiting its main brands and cut its loss-making menswear concern. Although its track record has attracted negative comment, there is little criticism of its current strategy.

Oceana, born out of Foschini, a highly profitable retail concern in South Africa, simply says it would continue the rationalisation and make Etam more productive.

Whether Etam is led out of the UK recession by Oceana or its incumbents will depend on how long investors think it will take the share price to reach [illegible] on merit, and whether [illegible] are prepared [illegible] wait.

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General Motors Corporation

Mr L Lindsey Halstead
Ford of Europe Incorporated

Dr [illegible] H Hahn
Volkswagen AG

Mr Yutaka Kume
Nissan Motor Co, Ltd

Mr Jürgen Hubbert
Mercedes-Benz AG

Mr Martin [illegible]ngemann
Commission of the European Communities

Mr Junji Numata
Toyota Motor Europe Marketing & Engineering/Toyota [illegible] Manufacturing (UK) Limited

Ing Paolo Cantarella
Fiat Auto SpA

Mr Alfred Moustacchi
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

NEWS DIGEST

Philip Harris dives to £0.87m

TAXABLE profits at Philip Harris Holdings tumbled from £1.4m to £871,000 in the year to March 31.

However, in order to correct over-provisions for tax in previous years, the charge was reduced from [illegible] to £64,000, resulting in only a marginal fall in earnings from 10.57p [illegible] 10.03p per share.

The [illegible] Midlands-based [illegible] supplies equipment and materials [illegible] the educational, scientific, medical and industrial markets.

As anticipated, turnover fell almost 11 per [illegible] £67.3m: [illegible] time's £75.6m included £14m from the [illegible] completed Oman contract.

With operating profits down to £2.09m (£2.3m), the taxable figure was adversely affected by higher interest [illegible] of [illegible] (£609,000) and an exceptional debit [illegible] £314,000 relating [illegible] re-organisation [illegible] in [illegible] and [illegible]entific division.

An unchanged final dividend of 3.75p is proposed for [illegible] same-again 5.75p total.

BWD Securities doubles to [illegible]

BWD Securities, the USM-qu[illegible] stockbroker, saw taxable profits double in the six months to May 31.

The directors described the performance – profits totalled £1.36m against £679,000 at the same stage of 1990 – as "acceptable".

General activity was buoyed by the electricity privatisation which "provided significant volume at low margins."

Underlying business in the securities industry was benefiting from reduced inflation and interest rates.

Turnover amounted [illegible] £5.41m (£4.04m). The interim dividend [illegible] raised by [illegible] to 1.3p, payable from earnings of 5.2p (2.6p) [illegible].

Total Systems in the black with £102,768

Total Systems, the USM-quoted computer software and services supplier, returned from [illegible] profit before tax of £102,768 in the year to March 31.

Mr Terry Bourne, chairman, said the turnround had been achieved in what still remained a difficult market.

Turnover improved from £1.78m to £2.04m and at the operating level profits came in at £75,439 (£39,471 loss).

Tax took £29,057 (£1,259) after which earnings per share came out at 0.74p (0.08p losses). Again there is no dividend.

Tops Estates falls slightly to £2.42m

Pre-tax profits of Tops Estates, an investor in freehold shop and office property, declined by 4.5 per cent from £2.53m to £2.42m in the year to end-March.

However, Mr Everard Goodman, chairman, said that last year's figures had included £1.2m arising from disposals of residential property so the results were not strictly comparable.

At the year end net assets stood at £100m (£110m). Rental income in the period amounted to £9.89m, a rise of £1.6m – primarily as a result of rent reviews.

The taxation charge of £13,000 (£285,000) was exceptionally low, said Mr Goodman, due to claims made for capital allowances on the property disposals and the provision for deferred tax on the deep discount loan repayable in 1994.

Earnings were 5.24p (5.75p including 2.56p from other income) and the proposed final dividend of 1.3p makes a total for the year of 1.8p (1.6p).

Stewart & Wight ahead to £310,000

Stewart & Wight, the property investment group, lifted pre-tax profits by 23 per cent in the 12 months to March 31.

The increase – from £252,378 to £310,303 – was achieved on gross rental income ahead some 11 per cent to £330,979 (£296,777).

Earnings improved to 263.76p (206.88p) and the single distribution for the year is raised by 15p to 105p.

'Creditable' decline at Leslie Wise

Leslie Wise Group, the textiles, women's wear and knitted fabrics group, produced a "creditable performance in the light of the current economic environment" in the six months to May 31, according to Mr Leslie Wise, chairman. Pre-tax profits declined from £2.14m to £1.35m.

External sales fell £1.23m to £18.2m and earnings were down at 2.7p (4.24p) per share. A maintained interim dividend of 1.75p is declared.

GMEN move to oust Trans World chief

An attempt to oust Mr Owen Oyston as head of Trans World Communications has been launched by the Guardian and Manchester Evening News, which has a 20 per cent stake in the USM-quoted radio and leisure group.

GMEN has called for an extraordinary meeting to consider the removal of Mr Oyston from the board. It said it would not support a rights issue while he remained and called for a new management team to restore the group's fortunes.

Dolphin Packaging calls for £4.62m

Dolphin Packaging, a supplier of plastic packaging to the food industry, is to raise about £4.62m via an open offer to shareholders [illegible] 3.88m new shares [illegible] 125p each on a 1-for-5 basis.

The shares have been placed conditionally with institutions by Allied Provincial Securities.

The expected proceeds, net of expenses, will be used to reduce bank borrowings and increase shareholders' funds.

The company also announced plans to move up from the USM to a full listing. Dealings on the main market are expected to commence on August 12.

Lower net asset value at M&G Dual

M&G Dual Trust, the investment trust, had a net asset value per share of £22.12 [illegible] June 30 compared with £23.46 a year earlier.

[illegible] the [illegible] months to end-June increased from [illegible] £1.76m for improved earnings per share of 30.55p (29.42p).

The interim dividend is also lifted from 29.4p to 30.55p and [illegible] directors [illegible] a final dividend of [illegible]

Distribution from the M&G General Trust Fund amounted to £2.34m (£2.26m).

CORRECTED NOTICE OF REDEMPTION

THIS NOTICE REPLACES THE NOTICE OF REDEMPTION PUBLISHED ON JULY 5, 1991 IN RESPECT OF THE CERTIFICATES DESCRIBED BELOW

MORGAN GUARANTY GmbH
(now JP Morgan GmbH)

Floating Rate Participation Certificates Due [illegible]

issued for the purpose of making a loan to

ISVEIMER

[illegible] IS HEREBY GIVEN that, pursuant to the provisions of the Paying Agency Agreement and the Terms and Conditions of the Certificates, Morgan Guaranty Trust Company of New York, as Principal Paying Agent, has selected $14,290,000 principal amount of said Certificates for redemption on July 31, [illegible] at the redemption price of 100% of the principal amount thereof. The Certificates so selected are those bearing the serial numbers as follows:

ALL OUTSTANDING CERTIFICATES WITH SERIAL NUMBERS ENDING WITH ANY OF THE FOLLOWING TWO DIGITS

02 04 05 08 21 [illegible] 31 37 39 45 60
75 81 [illegible]

ALL OUTSTANDING CERTIFICATES WITH THE [illegible] SERIAL NUMBERS

392 492 592 792 892 1192 1292 1492 1792 1992 2092 3192 3492 3692 3892 4092 4392 4692
4792 5292 5492 5792 5892 6792 6992 7392 7792 7992 8592

On July 31, 1991, the Certificates designated above will become due and payable at the redemption price as aforesaid in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts therein, and will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at [illegible] option of the holder either (a) at the Corporate Trust Department of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015, or (b) subject to applicable laws and regulations, at the main office of Morgan Guaranty Trust Company [illegible] New York in Brussels, Frankfurt/Main or London, or the main office of Swiss Bank Corporation in Switzerland, or the main office [illegible] Banque Internationale [illegible] Luxembourg in Luxembourg. Payments at the office of any paying agent outside of the United States will be made by cheque drawn on, or transfer to a United States dollar account with, a bank in New York City. Any payment made within the United States or transferred to an account maintained by a non-U.S. payee with a bank in the United States may be subject to reporting to the United States Internal [illegible] Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8 certifying under penalties of perjury that the payee is not a United States person. Payments to non-exempt U.S. payees are reportable to the IRS and those U.S. payees are required [illegible] provide to the Paying Agent an executed IRS Form W-9 certifying under penalties of perjury the payee's taxpayer [illegible] number (employer identification number or social security number, as appropriate) to avoid 20% withholding of the payment. Failure to provide [illegible] taxpayer identification number may also subject a U.S. payee to a penalty of $50.

Coupons due July 1991 should be detached and collected in the usual manner.

From and after July 31, 1991, interest shall cease to accrue on the Certificates herein designated for redemption.

Dated: July 11 1991

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Principal Paying Agent

COMPANY NOTICES

NOTICE TO HOLDERS [illegible] EUROPEAN DEPOSITARY RECEIPT (EDRS) IN JAFCO
JAPAN ASSOCIATED FINANCE CO., LTD.

EDR Holders are informed that JAFCO has paid a dividend to holders of record 29th March, 1991 of Yen 20 per Yen 50 Share of Common Stock.

EDR Holders may now present Coupon No5 for payment.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid Affidavit of Residence in a country having a Tax Treaty or Agreement with Japan giving the benefit of the reduced withholding rate.

Failing receipt of a valid Affidavit, Japanese withholding tax will be deducted at the rate of 20% on the Gross Dividend Payable. The [illegible] 20% will also be applied to any dividends unclaimed after 31st October, 1991.

Amounts payable per EDR of 1,000 Shares against Coupon No5.

Gross Dividend	Dividend Less 15% Withholding Tax	Dividend Less 20% Withholding Tax
Yen 20,000	Yen 17,000	Yen 16,000

Depositary
Bank of Tokyo International Limited
London
11th July 1991

Agent
The Bank of Tokyo (Lux.) S.A.
Luxembourg

LEGAL NOTICES

No 007583 of 1991

In the matter of
COMPUTER MARKETING PLC
and in the matter of the Insolvency Act 1986

Registered n[illegible] 1331945
Nature of b[illegible]: Distribution of Micro computers and related products
Trade classification: 15
Administration order made: 3rd July [illegible]

NIGEL JOHN VOOGHT and CHRISTOPHER JOHN HUGHES
Joint Administrative (office holder no(s) 6330 and [illegible]) of c/o Cork Gully
9 Greyfriars Road
Reading RG1 1JG

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OBITUARIES

DOEL. On July 7th 1991, Suddenly, James Anthony (Jim), aged 46 years of Malvern. Chairman of Triplex Lloyd plc. Loved husband of Sally, father of James, Jessica and Alex. Much missed by Jo, Jackie, Ruth and all the family. Funeral Service at Malvern Priory on Monday July 15th at 2pm followed by private [illegible] No flowers [illegible] if desired [illegible] Appeal c/o [illegible] Shields, [illegible] Centre, [illegible]

Gold & Silver to rally?
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BRITANNIA BUILDING SOCIETY
£150,000,000
Floating Rate Notes
Due 1993

(comprising £75,000,000 Floating Rate Notes 1993 issued on 8th November 1985 and a further £25,000,000 Floating Rate Notes due 1993 issued on 8th July 1986 and a further £50,000,000 Floating Rate Notes due 1993 issued on 10th August 1988 consolidated and forming a single series therewith).

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month interest period from (and including) 10th July 1991 to (but excluding) 10th October 1991, the Notes will carry a rate of interest of 11 $\frac{3}{16}$ per cent per annum. The relevant interest payment date will be 10th October 1991. The coupon amount per £10,000 Notes will be £281.99 payable against surrender of Coupon No: 23.

Hambros Bank Limited
Agent Bank

Halifax Building Society
Floating Rate Loan Notes 1992

For the three month period from [illegible] July, 1991 [illegible] 10 October, 1991 the Notes will bear interest at the rate of 11.1875 per cent. per annum. The Coupon amount per £5,000 Note will be £140.99, payable [illegible] 10 October, [illegible]

Morgan Grenfell & Co. Limited
Agent Bank

Weekley net asset value

Leveraged Capital [illegible] N.V.

as at 8/7 was US$ 394.33

Listed on the Amsterdam Stock Exchange
Information:
Pierson, Heldring [illegible] N.V.
Rokin 55, 1012 KK [illegible]
Tel. + 31-20-5211410.

MITSUI TAIYO KOBE BANK (LUXEMBOURG) S.A.

[illegible]
Bearer Bonds [illegible]

[illegible] p.a.

[illegible] Period:
[illegible] July, 1991 [illegible]
10th January, [illegible]

Interest Amount per
DEM 10,000 [illegible]
DEM 511.91

[illegible] Note:
[illegible]
[illegible] 10th January, 1992

Frankfurt am Main, in July 1991

MITSUI TAIYO KOBE BANK

YORKSHIRE BUILDING SOCIETY
Issue of up to £150,000,000
Floating Rate Notes
Due 1997

(of which [illegible] was issued on 10th July 1990 as the initial Tranche).

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month interest period from (and including) 10th July, 1991 [illegible] excluding) 10th October, 1991, the Notes will carry a rate of interest of 11.19375 per cent per annum. The relevant interest payment date will be 10th [illegible] 1991. The coupon amount per £50,000 [illegible] will be £1,410.72 payable [illegible] surrender of Coupon No: 5.

Hambros Bank Limited
Agent Bank

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 11.07.91: Pool purchase price £/MWh	Final Prices for Trading on 10.07.91: Pool purchase price £/MWh	Final Prices for Trading on 10.07.91: Pool selling price £/MWh
0030	18.44	18.19	18.19
0100	18.06	18.19	18.19
0130	17.69	18.19	18.19
0200	17.69	18.19	18.19
0230	17.69	18.19	18.19
0300	17.69	18.19	18.19
0330	17.69	18.19	18.19
0400	17.69	18.19	18.19
0430	17.69	18.19	18.19
0500	17.68	18.09	18.09
0530	15.84	18.10	18.10
0600	15.84	18.10	18.10
0630	15.80	18.10	18.10
0700	16.24	18.26	19.72
0730	18.52	18.71	20.19
0800	18.89	20.22	21.88
0830	18.88	21.54	23.58
0900	20.82	23.18	25.43
0930	20.94	[illegible]	27.88
1000	20.95	28.24	29.00
1030	20.85	28.86	29.77
1100	20.96	[illegible]	31.98
1130	21.01	32.83	36.88
1200	21.09	[illegible]	39.76
1230	28.88	34.08	36.35
1300	28.84	[illegible]	32.79
1330	20.98	24.81	27.25
1400	20.93	22.59	24.51
1430	20.92	20.65	22.57
1500	20.92	20.48	22.16
1530	20.92	20.96	22.60
1600	20.93	21.14	22.66
1630	20.96	22.54	24.47
1700	20.97	22.70	24.64
1730	20.85	22.23	24.05
1800	20.92	21.38	23.01
1830	18.89	19.72	21.20
1900	18.89	19.36	20.84
1930	18.61	19.36	20.84
2000	18.61	19.26	20.74
2030	18.61	18.86	20.53
2100	18.61	18.86	20.33
2130	18.61	20.98	22.52
2200	18.61	20.98	22.49
2230	20.17	20.98	22.47
2300	18.61	20.45	21.94
2330	20.56	18.41	19.86
2400	20.56	18.00	19.45

Prices are determined [illegible] every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal poi[illegible] moved one place to the left, eg [illegible] becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool [illegible] arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

هكذا منه بالأصل

MANAGEMENT: Marketing and Advertising

Canadian tobacco industry

Smokers fight to the very last gasp

Point-of-sale promotion is very nearly all that is left for manufacturers in [redacted] highly regulated country. **Bernard Simon** reports

Canada's smokers have decided [redacted] enough is enough. In the past two months, they have vented their anger over spiralling taxes on cigarettes and ever-tougher anti-smoking laws by posting [redacted] 700,000 petitions [redacted] the prime [redacted] ter, Brian Mulroney, in Ottawa.

The protest, which [redacted] the government acknowledges [redacted] the big[redacted] on any issue in Canadian history, is unlikely to succeed in bringing down taxes or leaving smokers to light [redacted] in [redacted]. But [redacted] has it been futile.

"Politicians have [redacted] that smokers [redacted] a constituency [redacted] you can do just about anything [redacted] get no response," says Bill Neville, [redacted] ident of the Canadian Tobacco [redacted] ufacturers Council, the lobbying [redacted] which represents the country's three cigarette makers, and which organised the [redacted]

The forcefulness of the protest, says Neville, "has corrected that impression". [redacted] protest [redacted] also shown that the beleaguered [redacted] industry is still [redacted] to make its voice heard in [redacted] marketplace.

Canada has some of the strictest anti-smoking laws in the [redacted] The first section of the [redacted] Tobacco Products Control Act, [redacted] bluntly that "no person shall [redacted] tobacco product offered for sale [redacted] Canada". Even advertising displays in retail outlets will have to [redacted] removed by January 1993.

Municipal bylaws also [redacted] it increasingly difficult [redacted] find [redacted] place for a quiet puff. Employers in Toronto, for example, cannot [redacted] a room [redacted] smokers if even [redacted] non-smoker objects.

The city plans [redacted] ban smoking [redacted] stairwells of buildings from next January and [redacted] shopping malls and sports stadiums by 1993. In the depths of [redacted] Canadian winter, [redacted] are often [redacted] to huddling on [redacted] pavement out[redacted] their [redacted] buildings.

Even tighter curbs [redacted] the [redacted] The federal government has proposed that health [redacted] cigarette packs should be confined to black lettering on a white background, [redacted] vice [redacted] It also [redacted] the warning [redacted] at [redacted] top (rather than the bottom) [redacted] box, [redacted] ers insert [redacted] in [redacted] pack spelling out the dangers of smoking.

To [redacted] to [redacted] cigarettes [redacted] any other country except Norway. [redacted] New Brunswick, [redacted] provincial [redacted] highest, [redacted] pack of [redacted] for [redacted] (£3.75), of [redacted] sents C$5.43. Taxes in other parts of the country typically [redacted] up [redacted] per cent of the retail price.

The stigma [redacted] attached to smoking [redacted] the [redacted] promotion of cigarettes [redacted] tricky. [redacted] Prue, vice-president [redacted] ing [redacted] Mac's Convenience Stores, [redacted] operates more [redacted] retail [redacted] country, [redacted] "any strong [redacted] promote [redacted] now [redacted] really [redacted] decline is inexorable."

The Ontario College of Pharma[redacted] has [redacted] for[redacted] bid drugstores from selling cigarettes with [redacted] July 1993. The wording suggested by [redacted] college would bar [redacted] pharmacy through premises [redacted] products [redacted]

The [redacted] Rights [redacted] predicts [redacted] this [redacted] of anti-smoking [redacted] ons will [redacted] per capita [redacted] consumption [redacted] per cent [redacted] and the [redacted] of this [redacted]

"[redacted] companies [redacted] markets [redacted] they've [redacted] desperate," [redacted] Mahood, the [redacted] outspoken [redacted] director. Taking [redacted] unable or [redacted] ing to kick the habit, most retailers [redacted] all it's worth.

According to Prue, [redacted] profit of about 22 per cent (as [redacted] percentage [redacted] selling prices) [redacted] cigarettes. The margin [redacted] per cent – at drugstores (pharmacies), [redacted] supermarkets.

[redacted] exception [redacted] increasingly popular convenience [redacted] to petrol stations. Many of these still use cigarettes as a loss-leader, hoping that buyers will fill up with petrol at the same time.

Garage stores have already garnered about a fifth of the tobacco market in western Canada. Imperial Tobacco of Montreal, which claims [redacted] 60 per cent share of the cigarette market, [redacted] the advantage [redacted] a close corporate link to the retail side of the business.

Imperial's parent, Imasco (which is 41 per cent owned by Britain's BAT Industries), also controls Shoppers Drug Mart and United Cigar Stores, two of the country's leading cigarette retailers.

The link appears to be used more as a lever for the industry as a whole than for Imperial itself. Imperial [redacted] it [redacted] entirely [redacted] arm's length [redacted] the [redacted] chains and that [redacted] influence [redacted] brought on [redacted] to favour [redacted] brands.

Don Brown, Imperial's senior [redacted]-president for marketing, says the only ways left to promote new [redacted] product displays in [redacted] word-of-mouth. "We're finding the [redacted] problem [redacted] awareness," [redacted] says.

Sponsorships are a key part of keeping smokers' awareness alive. Imperial will provide financial support for [redacted] and cultural [redacted] and to [redacted] than [redacted] groups this year.

Recipients range from [redacted] Toronto Symphony Orchestra [redacted] Open [redacted] championship, [redacted] Théâtre Populaire [redacted] in New Brunswick [redacted] a hydroplane [redacted] on Prince [redacted] Island. [redacted] two [redacted] companies, [redacted] Hedges and RJR-Macdonald, [redacted] also active [redacted]

[redacted] surprisingly, the [redacted] which [redacted] companies sponsor invariably [redacted] their products, as in [redacted] du Maurier Ltd [redacted] Festival, [redacted] Player's Ltd International Tennis Championship[redacted]

But [redacted] Tobacco [redacted] permits sponsorship only [redacted] the [redacted] brand, [redacted] Shortly after [redacted] into force, Imperial registered four new companies under the names of its three flagship brands, du Maurier, Player's and Matinee.

Brown worries, however, [redacted] time, [redacted] will gradually lose the connection between these names and specific products. With their ability to persuade people to [redacted] up smoking so severely circumscribed, [redacted] cigarette companies now put much of their effort into gaining market share.

In particular, competition for [redacted] The [redacted] supply display [redacted] stores, and also [redacted] payments [redacted] in exchange for [redacted] desirable display [redacted]

Imperial Tobacco's 250-strong [redacted] provides inventory management [redacted] aimed [redacted] ensuring that, [redacted] Imperial spokesman, "they have enough of the [redacted] brands, [redacted] much".

[redacted] packs [redacted] spiralling [redacted] push up retail prices. Most [redacted] major [redacted] in packs [redacted] 15, and [redacted] of [redacted] manufacturers [redacted] toying [redacted] and 10s.

[redacted] petition [redacted] shown, [redacted] industry [redacted] become much [redacted] aggressive in trying [redacted] the anti-smoking tide. [redacted] Manufacturers Council, who [redacted] chief of staff to the former prime [redacted] Clark, [redacted] for being [redacted] best-[redacted] lobbyists in [redacted]

The [redacted] has challenged [redacted] constitutionality of [redacted] Tobacco Products Control Act [redacted] court. [redacted] expected within the [redacted] two.)

The [redacted] industry [redacted] helps [redacted] Smokers' Freedom Society, which is trying to hammer home [redacted] message [redacted] cigarettes are [redacted] illegal, and that smokers [redacted] entitled to some rights of their own.

Signalling the more activist approach, Phil Gillies, the [redacted] recently-appointed president, [redacted] "in [redacted] anti-smoking lobby has had the field to themselves. Now, we're doing our best to meet them toe-to-toe."

The [redacted] of the protest has corrected the impression [redacted] politicians "[redacted] anything to smokers and [redacted] no response"

Japanese consumers transcend politics

Edith Cresson has stirred up a tempest in a sake cup, report **William Dawkins** and **Robert Thomson**

Marketing is [redacted] full [redacted] puzzles [redacted] human nature [redacted] The way in which Japanese consumers are continuing their love affair with French luxury goods, despite the barrage of anti-Japanese jibes from Edith Cresson, France's new prime minister, is the latest example.

Cresson attracted a rare official diplomatic protest from Tokyo over comments that it is an "opponent that doesn't play fair" and has a "[redacted] cally [redacted]" market.

"Cresson, an inedible salad," and "Come off it Cresson," countered recent Japanese tabloid [redacted] One [redacted] wing group even announced that it will publicly decapitate a Cres[redacted] doll - though it [redacted] not [redacted] the doll in question is a French import.

Yet rather than turning [redacted] from [redacted] products, Japanese consumers, [redacted] intelligent and [redacted] informed lot, continue to buy them with undiminished enthusiasm. French exporters of luxury [redacted] are relieved that Japan, their largest [redacted] market, is so little perturbed.

"A tempest in a sake cup," [redacted] a spokesman for LVMH, [redacted] producer of Louis Vuitton [redacted], Christian Dior perfumes, Hennessy cognac and Moët [redacted] Chandon champagne. [redacted] makes 28 per cent of its [redacted] (£2bn) annual sales in Japan, which [redacted] its [redacted] growing market - a pattern typical for [redacted] luxury [redacted] industry. Hermès, the fashion and accessories group, also reports no impact.

[redacted] luxury [redacted] Peugeot, the car group which also makes Citroëns, is similarly content, despite the fact that its Tokyo showroom was [redacted] with black paint by an extreme right wing political group. One Peugeot dealer believes that 5 to 10 per cent of his [redacted] taken offence at Cresson's rhetoric.

Yet the group is still budgeting to meet its sales target in Japan of 14,500 cars – [redacted] 21 per cent increase – despite a 13 per cent fall in overall car imports [redacted] so far this year.

[redacted] target [redacted] commonly known in Japan that Cresson's husband, [redacted] with the company. Some Japanese believe he is Peugeot's chairman, though [redacted] privilege goes to the forcefully anti-Japanese Jacques [redacted]. Jacques [redacted] retired two years ago.

However, not everybody is unconcerned. France's main [redacted] for [redacted] goods [redacted], the Comité Colbert, was worried [redacted] to issue an unusually [redacted] criticism of the French prime minister. "This is just not the way to speak to the Japanese. It matters, because when Japa[redacted] consumers [redacted] a French luxury product, they are [redacted] just buying brands. They are buying [redacted] part of [redacted] culture," warns Christian Blanckaert of Comité Colbert.

In a wider trade context, the French economic and social council, a respected though toothless parliamentary advisory body, has just warned that it [redacted] not in France's interests to appear more anti-Japanese than the rest of the European Community.

The lesson seems to be that the Japanese appear to separate [redacted] from product image when deciding on purchases. When a consumer thinks of France, the image is of sophistication and romance, and this acute [redacted] contrasts sharply with a low polit[redacted] consciousness, [redacted] Japanese retailers.

A buyer contemplating a row of cognac brands tends to think [redacted] a [redacted] room, plush leather and walnut panelling, not of Edith Cresson. Just as Britain [redacted] stuck somewhere in the [redacted] Victorian age, according to the Japanese fantasy, France [redacted] a quaint, cobblestoned country - however its politicians behave.

[redacted] have been big buyers of French art, but a curator at a gallery in the Ginza district of Tokyo specialising in [redacted] works, [redacted] that Cresson's comments have had no influence on art lovers. "My [redacted] are not [redacted] simplistic," he explains.

Suntory, [redacted] Japanese brewer which distributes Courvoisier cognac, says that it had seen no reaction; and in the perfume department of the Mitsukoshi retail chain they say: "We have heard no one talk about Mrs Cresson."

A wine distributor says that people buy the French product for the taste and the luxury image, and neither is linked to the prime minister.

But Shintaro Ishihara, a member [redacted] the ruling Liberal [redacted] Party, author of the best-selling "A Japan that can say no", argues that France is in decline as a civilisation and Cresson's thoughts are a symbol of that decline.

Marketing professionals in Paris have a more logical view. "The problem has to be [redacted] extreme [redacted] consumer behaviour...especially in Japan where political consciousness tends [redacted] be low," says Philippe Boutié, European director of research and planning for consultants Burson Marsteller.

His researches tell him that consumers in most countries tend to respond above all to brand identity, with the producer's corporate image coming second and the political [redacted] of the supplier's country [redacted] long way behind that.

TECHNOLOGY

David Fishlock examines how Lord Rothschild's biotechnology fund chooses its investments

Prescription for a healthy portfolio

Just 10 years ago the late Lord Rothschild, the Cambridge biologist and former research co-ordinator for Royal Dutch-Shell, convinced merchant bankers [redacted] Rothschild to [redacted] up a fund specifically for peo[redacted] to invest in [redacted] biotechnology ventures.

The "champions" of most of these [redacted] academic scientists – specialists in molecular biology and genetic engineering. They needed [redacted] financial and commercial help. In 1980 Lord Rothschild consulted Sydney Br[redacted], the Cambridge genetic engineer, who was then director of [redacted] world-famous Laboratory of [redacted] Biology.

Rothschild wanted [redacted] fund, Biotechnology Investments Limited (BIL), [redacted] help [redacted] some of the most promising ventures started. Many were taking their cue from Genentech, [redacted] in [redacted] late-1970s had declared [redacted] it would become [redacted] new kind of pharmaceutical [redacted] by researching, developing and selling genetically engineered drugs.

Rothschild's characteristically [redacted] approach was to [redacted] an expert technical assessment of each [redacted] ture's objectives, helped by Brenner and [redacted] scientists.

BIL's policy is not to let the value of any one share exceed 10 per cent of the *portfolio's value*

Then [redacted] would make a financial and market assessment before deciding whether BIL [redacted] invest. [redacted] Leathers, a banker, [redacted] recruited [redacted] manage [redacted] fund.

A decade later the fund remains profitable [redacted] Brenner is still the most active [redacted] five scientific advisers, tracking down BIL's fledglings, [redacted] which were, and still are, born in the US.

When BIL began, [redacted] new opportunities exciting medical scientists were often naturally occurring [redacted] such as interferon, [redacted] and [redacted] impure to [redacted] properly [redacted] drugs.

Rothschild estimated the value [redacted] interferon [redacted] $1m per gram. [redacted] knew whether [redacted] effects [redacted] the substance or the impurities. Genetic engineering promised to [redacted] much cheaper as well [redacted] purer.

It succeeded – only to show the side-effects were due to interferon itself. Far from being the cure-all everyone hoped for, [redacted] using [redacted] be painstakingly proved for [redacted] 100-[redacted] kinds [redacted] cancer.

But BIL identified other potential [redacted] realising profits [redacted] its investments besides creating new pharmaceutical products. Brenner remembers predicting that a significant portion of a company's value would exist in the people [redacted] attracted, so [redacted] takeover by an established drug company could prove highly profitable [redacted] the [redacted] Subsequent takeovers of BIL investments include Hybritech by Eli Lilley, [redacted] by Bristol-Myers [redacted] Genentech by Roche.

The fund [redacted] recognised that the highly specialised and costly new tools [redacted] genetic engineering, such as [redacted] synthesisers, could help [redacted] up [redacted] biotechnology ventures. Its investment in Applied [redacted]ystems has [redacted] the trust one of [redacted] profits, about [redacted] It also [redacted] early opportunities [redacted] biotechnology in [redacted] industrial [redacted] – agriculture, energy, waste treat[redacted] and mining, [redacted] example.

Another opportunity [redacted] spotted early – much less [redacted] to the [redacted] who founded many [redacted] the new [redacted] – lay in the [redacted] technology needed to ferment, separate and purify the products [redacted] engineering.

But by the time BIL was making second-round investments [redacted] companies it had helped launch, [redacted] had [redacted] in health care.

To the surprise of BIL's foun[redacted] many [redacted] ventures [redacted] public quickly. BIL began to buy [redacted] some [redacted] the newly quoted companies. "It [redacted] became [redacted] you could use the expertise of BIL to select," says [redacted] "[redacted] techniques of [redacted] nearly the same."

A decade after its launch, BIL is under [redacted] Jeremy Curnock Cook, [redacted] chemist recruited by Lord Rothschild, has replaced Leathers as fund manager. Lord Armstrong of Ilminster, a former cabinet secretary, has replaced the late Lord Rothschild as chairman.

But BIL's primary focus is still to invest in unquoted companies devoted to biotechnology and health care in the US, the UK and Europe. Lord Armstrong defines its targets as companies "[redacted] cannot and should not be expected to yield significant returns for several years, but [redacted] can [redacted] expected in due course to show substantial capital appreciation."

In addition, it has a portfolio of quoted investments of several kinds: more than a dozen biotechnology companies – such as Amgen, Chiron and Repligen – which it helped to start and which have since gone public; other small companies such as Cetus, [redacted] and Xoma in which [redacted] scientific advisers have taken special interest; and a few established pharmaceutical groups whose shares are readily marketable when [redacted] for a new start-up opportunity.

Its policy is not [redacted] let the value of any one share exceed 10 per cent of the portfolio's value – a precept which has obliged it to sell shares in Amgen, Applied Biosystems and Centocor among others.

Lord Armstrong stresses that, unlike a venture capital fund, [redacted] is no period set on [redacted] life; which is just as well, since BIL's experience shows that it can take several [redacted] to turn an idea for [redacted] biotechnology product [redacted] into commercial returns. In its first 10 years the fund has received 1,586 proposals from unquoted companies for investment, and has invested in 68 of [redacted] a ratio [redacted] one [redacted] 23.

Cook and Brenner search continually for emerging areas of investment opportunity, such as gene therapy. They consider investing both in clinics that might conduct gene therapy and in specialised equipment.

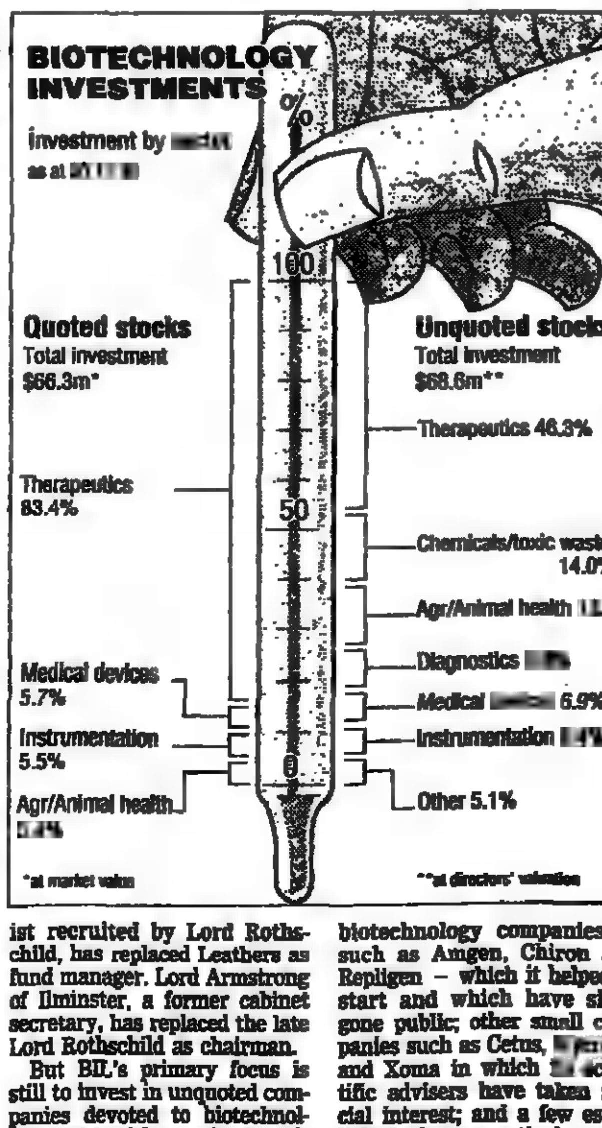
Other opportunities [redacted] approached more warily. Genetic engineering promises new vaccines for parasitic plagues such as malaria. The problem, as [redacted] points out, is that [redacted] are bought by governments, and populations which [redacted] malaria "also [redacted] from money deficiency [redacted]".

The hallmark of BIL is "knowing its companies and knowing its investments," says Cook. Repligen, the Cambridge, Massachusetts research company founded by two professors, is an example of an early investment assiduously nursed by BIL, which helped the founders focus their [redacted] a broad [redacted] in enzymes to an Aids vaccine in which Merck is its partner.

Genzyme, created by [redacted] ing two small British firms, is another. It recognised that to sell its new enzymes in the US it must be there, and BIL sees it today as a successful quoted investment. It has increased its initial stake five-fold.

There have been failures, too. Liposomes, which transport drugs or other compounds into the body by penetrating the skin, have been BIL's area of biggest disappointment. It also lost £1m on a British waste-treatment venture and abandoned Twyfords when they moved from cultivating plants to trees. Mining by genetically engineered organisms, which once interested Lord Rothschild, now looks like presenting difficult environmental issues.

Where does BIL believe biotechnology is going in the 1990s? Remember, says Cook, that our shareholders have bought into a prospectus that promises growth in capital value. Amgen, for example, has become the Genentech of the 1990s, but BIL will be taking profits this year in order to finance more start-ups.



Urban transport

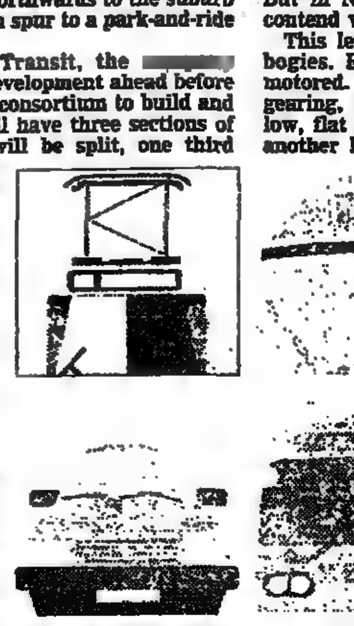
On the fa[redacted]t track to reducing congestion

Paul Cheeseright begins [redacted] series by examining plans for Nottingham's proposed tram system

Supertram is what the citizens of Nottingham have started to call their putative light rapid transit system. If the Nottingham authorities are skilful enough to negotiate their way through the tortuous UK system of central government legislative and financial approvals then these citizens could have their first ride in 1996.

They will walk into an, as yet, unspecified electrically powered tracked vehicle which will run, on its first line, from the centre of this Midlands city 12.5km northwards to the suburb of Hucknall, with [redacted] 1km spur to a park-and-ride facility.

Nottingham Rapid Transit, the [redacted] which is pushing the development ahead before a tender is called [redacted] a consortium to build and operate the system, will have three sections of shareholders. Equity will be split, one third each, between the Nottinghamshire County Council, the Nottingham City Council and Nottingham Develop[redacted] Enterprise. [redacted], a joint public-pri[redacted] tion aimed at promo[redacted] and [redacted] development, will [redacted] instrument for drawing in private [redacted]



But, armed with [redacted] feasibility study from [redacted] Scott Wilson Kirkpatrick, it will be towards central government [redacted] will look for a grant [redacted] part of the estimated capital cost of £50m. This [redacted] would [redacted] construction and [redacted] purchase of a fleet of supe[redacted] 15 and 17 for the first line.

"A rich man's system [redacted] a poor man's price – [redacted] want," said Malcolm Reece, [redacted] Nottingham Development Enterprise. This points to the use of established technology at the basis of the system, but more, and technically demanding, innovation when it comes to dealing with crucial details.

Nottingham will therefore be seeking adaptations of the chosen manufacturer's basic design. If there is a model then it is to be found [redacted] Grenoble, France. Indeed, it is photographs of [redacted] that [redacted]ngham Rapid Transit has [redacted] using in [redacted] consultations locally on the siting of the route.

Technically there are three criteria which [redacted] Nottingham tram will need to meet and which probably could not be met on a basic de[redacted]n.

The first is that the tram should hav[redacted] low floor, so that it possible to walk in, rather than climb in, off the [redacted] Thus [redacted] would give easy access for wheelchairs, prams and shopping trolleys. With a floor level 300mm off the rail, the footways at the tram stops would only [redacted] to [redacted] raised by the equivalent of the height of a kerb.

The second need for Nottingham is an increase in power. Nottingham has hills. Most trams are designed to climb a gradient of between six and seven degrees, and not all their bogies are powered; some are free-wheeling. But in Nottingham the trams would have to contend with gradient of up to 8 per cent.

This leads to the need for power in all the bogies. Each would have [redacted] be individually motored. The mechanics of the motor and its gearing, however, make the desire to have a low, flat floor difficult to realise. In Sheffield, another hilly city which has a scheme under way, each tram will have a low-level vesti[redacted] and passengers will climb a [redacted] to seats above the bogies.

Nottingham's third special need is for a tram which can turn more tightly than the conventional technology permits. The normal turning radius is 25m. The need is for a vehicle which can turn in 18m so that it can more easily cope with narrow city streets.

Depending on the degree of extra technical sophistication built in, trams cost between £800,000 and £1.3m each. The Nottingham ones will be near the top.

While the specialists work up the particulars to convince the Department of Transport to provide funding, there are two certainties: the vehicles will run on steel rails and have steel wheels with rubber insets to reduce the noise; and the power will come from overhead wires.

The nature of the track construction depends on the precise route finally chosen. But it looks as if the Nottingham system will run for 8km on an existing railway line, 1km on [redacted] disused mineral rail line, with the rest on the street. Eventually, Nottingham Rapid Transit would like to have six lines.

One line or six, Reece is adamant that the object of the exercise is to enhance the quality [redacted] life by easing the strangulation [redacted] Nottingham's streets by motor cars. If that is to be achieved, then the trams have to look good: people have to want to travel in them.

The series will continue next wee[redacted] with a look at Toronto's natural gas-powered bus.

COMMODITIES AND AGRICULTURE

Self-help plan saves Cornwall's last tin mine

By Kenneth Gooding, Mining Correspondent

TIN MINING in Cornwall has come back from the grave and Carnon Holdings, owner of the UK's last operating tin mine, is also involved with plans for the privatisation of the Bolivar polymetallic project in Bolivia.

Carnon's Wheal Jane mine, near Truro, was killed off by low international tin prices last year and it seemed that its remaining mine, the nearby South Crofty, would also close permanently when in February Mr Peter Lilley, UK Secretary of State for Industry, withdrew government funding. But an emergency programme, involving volunteers returning to work at an average of 30 to 40 per cent below their previous pay levels, has helped South Crofty to survive. It is now producing tin at an annual rate of 155,000 tonnes compared with 210,000 tonnes previously, said Mr Kevin Ross, operations director, yesterday.

Carnon made all its 415 employees redundant in February when [illegible] government finance was withdrawn. Some 200 volunteers were recalled. "Everyone came back at the same pay, from the managing director to the toilet cleaner," said Mr Ross.

The company has also been mining higher-grade ore [illegible] South Crofty (containing [illegible] per cent tin compared with 1.55 per cent). This, with the wage cuts, reduced its break-even price to £3,000 a tonne. Since February, mainly because of currency changes against the US dollar, in which tin is traded, the market price of the metal has improved from £2,800 to £3,500 a tonne.

Mr Ross said the price improvement allowed the company to pay its miners a little more "but they are by no means getting what their skills deserve".

Dealing with Carnon's potential involvement in [illegible] Bolivian project, Mr Ross stressed that it would act only as technical consultant to one of the bidders for the [illegible] zinc-tin-lead mine which has been put up for sale by the state-owned Comibol group.

Finance would be provided by an organisation called Cornish American Resources, formed especially to make an offer, possibly in the region of US$20m to $25m, for Bolivar. Mr Ross declined to give any details about the ownership of Cornish American. Four other international groups are also involved in the bidding.

Carnon was bought by its managers from the RTZ Corporation, the world's [illegible] mining company, in [illegible] 1988. Fourteen managers [illegible] 80 per cent of the equity between them and the rest was held in trust for other employees. The company had a £25m interest-free loan from the UK government and one of £10m from RTZ.

Carnon's chances of long-term survival improved last week when it was granted outline planning permission for a £35m leisure centre on the Wheal Jane site. If successful, this should provide the company with the financial stability to keep mining going at South Crofty.

Bolivian mining on the road to recovery

Christina Lamb outlines efforts to diversify and to attract foreign investment

CERRO RICO, the "rich mountain", which overshadows the winding colonial streets of Potosi high up in the Bolivian Andes, was once the most fabulous silver mine in Christendom, providing much of the wealth of the Spanish empire. Since its discovery in 1545 the tunnel-ridden mountain has yielded at least 30,000 metric tonnes of silver.

But after Bolivia gained its independence the silver began to run out and once discarded tin became the country's principal export, providing more than 70 per cent of foreign earnings. When the international tin price crashed in October 1985 no country was harder hit. Disillusioned with the state mining industry whose debts had helped to fuel annual inflation of a staggering 24,000 per cent, the Bolivian government closed more than half its tin mines and sacked 20,000 miners.

Now, after a successful stabilisation programme has brought inflation down to below 20 per cent, South America's poorest country is hoping through foreign investment and diversification of minerals to make mining once again the engine of economic growth.

A new mining code announced in April and described by mining consultant, Mr Charles Bruce, as "the most attractive mining code in Latin America", is drawing considerable foreign interest with its tax incentives and opening of previously prohibited, mineral-rich border areas. According to Mr Bruce mining exports could be more than doubled within five years.

A new secretariat has been created in the mining ministry to promote foreign investment. Its head, Mr Rafael Delgadillo, aims to attract $1bn in investment over the next five years with at least $500m by the end of next year. He claims "we already have $300m committed and each day more and more companies are asking for information or opening subsidiaries in Bolivia".

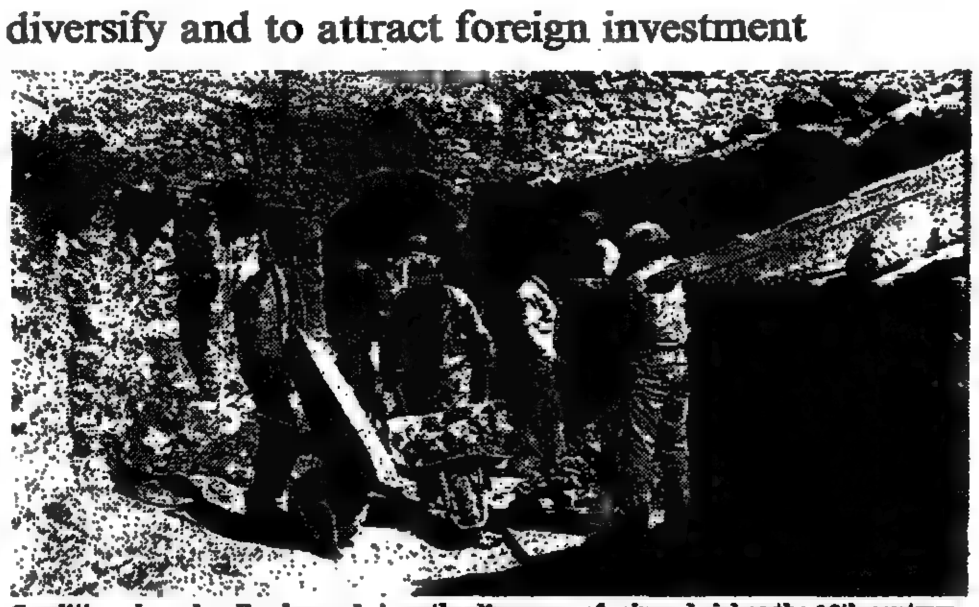
There are already signs of recovery with minerals back up to 44 per cent of total export earnings last year, bringing in $401.25m. This is still way below the 1981 level of $556m, but compares well with the $196.8m of 1986. Production has shifted from concentration on tin to zinc, silver and gold. Last year for the first time zinc overtook tin as the country's main commodity while gold, which six years ago was not even listed as one of the country's main minerals, earned $51.5m.

An important part of the government's new private sector-oriented mining strategy is leasing arrangements or joint ventures with Comibol, [illegible] bankrupt state mining corporation, which has hundreds of unexploited mineral holdings [illegible] no money for investment as well as serious labour problems.

Though drastically slimmed down to a workforce of just 8,000, Comibol continues to be hit by tin prices below the $3 [illegible] lb it needs for profitability. Although Comibol is still the single larg[illegible] mineral producer, its share of national output fell to 12.97 per cent last year, the rest mainly coming from 20 medium-sized mines and the many small co-operatives, which employ 60,000 people.

Of the seven Comibol holdings put on offer in [illegible] by far the most popular is the Bolivar high grade silver and base metal deposit, for which bids have been received from five companies including Comsur, Bolivia's leading private sector mining company, Gold Fields of South Africa, and Germany's Metallgesellschaft.

Two bids [illegible] been made [illegible] the [illegible] tailings from Brazil's Parapanema and the Australian company Tympten, but there has been little in[illegible] in the other deposits on offer. The government hopes [illegible] new mining code will encourage more bids.



Conditions have hardly changed since the discovery of mineral riches the 16th century

Mining analysts say the code, initially planned for [illegible] just [illegible] many foreign companies, fed up with waiting were [illegible] abandon all ideas of investing in Bolivia. Mr Bruce says: "I'd just about had it. Twelve of my [illegible] clients had quit and my budget was down to nothing". It is the leaking of the departure of these companies to the national [illegible] that is believed to have provoked the government into sudden action and it approved the bill after an all-night sitting.

The two main changes to the 1965 code are the replacement of the Blind Royalty tax calculated on [illegible] complex government formula [illegible] profits and costs, by a straight tax on profits, and the end of a ban on foreign companies working within 50 km (30 miles) of the [illegible] where there are [illegible] to be rich deposits of gold, silver and sulphur.

According to Mr Bruce the code has rescued the situation and there are now 17 foreign companies either establishing offices in Bolivia or looking, including 11 major companies such as Cyprus and Newmont of [illegible] US. [illegible] companies already [illegible] are Rio Tinto Zinc, Battle Mountain, [illegible], American Pacific and Minproc, which has pledged $80m to develop zinc and tin tailings at Calquiri. Asarco and Central Mining of Australia are carrying out exploration and Lithco is nego[illegible] for the [illegible] lithium salt resources [illegible] Salar de Uyuni.

[illegible] only major company to be operating so far is RTZ, which bought for about $30m a one third stake in Comsur, with which it has a 50/50 exploration joint venture to prospect [illegible] gold and base metals in [illegible] untapped east. Mr John Wagghorn, the explora[illegible] director, explains: "[illegible] decided to come in in 1988 as part [illegible] RTZ's expansion in exploration world-wide. Our express purpose is to find large deposits and Bolivia is a good bet". They have already found [illegible] small [illegible] deposit, which will be prospected by Comsur.

The biggest joint venture is Battle Mountain, which has just increased its stake to 85 per cent in Inti Raymi, an open [illegible] operation, raising investment to around $150m.

Mr Delgadillo lists as Bolivia's attractions as [illegible] country's history of silver and tin mining and its large unexplored areas, particularly for gold and iron in the east precambrian area, which a ten-year British geological survey found to have vast potential.

The major deterrent remains the history of militancy in Bolivia's mining sector, represented in each mining town by a statue of a miner holding a drill in one hand and rifle in the other. But these days outside the state sector the union's call for strikes against privatisation [illegible] little support. Mr [illegible] Garnica, a guide in Cerro Rico, says miners are starting to see new mines as new jobs and perhaps an end to conditions that have hardly changed since Bolivia's mineral riches were first discovered in the 16th century.

UK cereal growers 'face 20% income cut'

By [illegible] Blackwell

THE EUROPEAN Comm[illegible] proposals f[illegible] farm reform would cut the income of the average UK family cereal farm by [illegible] per cent by the end of 1997, [illegible] National Farmers' Union claimed yesterday.

The incomes of lowland [illegible] and sheep farmers could be reduced by up to 40 per cent, the NFU said yesterday.

The EC proposals, announced in Brussels on Tuesday night, would cut cereal prices by 35 per cent, beef and butter prices by 15 per cent, and milk prices by 10 per cent. However, compensation to farmers will lift the cost of the reformed Common Agricultural Policy to Ecu38.8bn (£27bn) by 1997, 10 per cent more than next year's estimated spending.

Yesterday Mr David Roberts, deputy director general of agriculture in the European Commission, said in London that the NFU figures seemed "the most pessimistic assumptions they could make". A big European cereal farm of 200 hectares, with average yield would suffer a fall in gross income of 7.72 per cent, he estimated, but it would be very much more difficult to work out the effect of the reform package on the farm's net income.

Mr Roberts did not expect that there would be any major changes in the structure of the reform package when [illegible] presented to EC farm ministers next week. While the proposals represented "by far the most significant changes" in the CAP since Britain joined [illegible] EC, he was confident that the package addressed all the main problems of the CAP, and would reduce both [illegible] surpluses and export subsidies.

Mr Ian Gardiner, NFU direc[illegible] farm policy, said [illegible] package would have a very serious effect not only on [illegible] UK, but also on family farms across Europe. In [illegible] for [illegible] great damage to agriculture, the taxpayer was being asked to pay more – an extraordinary situation, he said.

Abolition of 'green' currencies urged

By our agriculture staff

THE EUROPEAN Community could take a major step towards reforming the Common Agricultural Policy if it abolished the special exchange or "green" currency system that it currently applies to farm prices, [illegible] Europe, the independent intelligence Agency believes.

In its [illegible] weekly report Agra Europe says such action would be a much simpler way of cutting prices to farmers, and thus lowering production, than is currently envisaged in the Commission's elaborate and [illegible] plans for [illegible] of [illegible] CAP.

The effect of the green rate – an artificial exchange used to translate into national cur[illegible] farm [illegible] fixed in European currency [illegible] – [illegible] been to increase the cost of the CAP and to encourage production, Agra [illegible] maintains.

"It [illegible]s enabled the community to claim that Ecu farm prices have been frozen while the hidden, artificial appreciation of the CAP accounting unit has raised the target towards which member states can devalue their green rates. In national currency terms, EC farm prices have risen by 14.5 per cent since 1984."

Removal of this distortion could be done quite simply by a simultaneous 14.5 [illegible] cent increase in Ecu prices and matching revaluations of national currency green rates against [illegible] Ecu, Agra Europe [illegible].

As the community moves closer to economic and monetary union, the EC's agriculture ministers "will have less and less excuse for not taking this basic – but for them revolutionary – step on the way to a more efficient community agriculture policy".

Quoting figures from a study undertaken by the US Department of Agriculture, Agra Europe says the removal of the green Ecu system without a corresponding rise in Ecu prices would reduce cereals prices across the EC by just under 8 per cent, milk prices by 8.6 per cent and beef prices by 10 per cent, though in the stronger currency countries, notably Germany, these cuts would be greater.

It is estimated that total loss to the agricultural industry would be Ecu5.4bn, though savings for the consumer were estimated at Ecu6.1bn.

Commission sells 9% of wool stockpile in ten days

By Emelia Tagaza in [illegible]

THE NEW [illegible] Wool [illegible] Commission, responsible for disposing of the country's [illegible] stockpile, yesterday [illegible] that it had sold [illegible] bales since it took over the responsibility 10 days ago.

The sales [illegible] A$30.6m.

Mr David Clarke, the chairman of the commission, said it would [illegible] to [illegible] policy of tightly controlling [illegible] by demanding a premium over the closing prices at the end of last season (June 27).

Mr Clarke said the commission would make weekly announcements on sales from the stockpile.

The commission [illegible] also responsible for paying off, within [illegible] years, the A$2.67bn debts incurred by the previous Australian Wool Corporation in trying to maintain the industry's reserve price scheme.

Until the scheme was abolished last February, the AWC had maintained a high reserve price of 700 Australian cents a kilogram.

The AWC has since been split into three bodies: the [illegible] Realisation Commission, the Wool Research and Development Corporation and [illegible] greatly reduced AWC with responsibility over promoting and marketing wool.

Japanese company to import US coal

By Steven Butler in Tokyo

MITSUBISHI, JAPAN'S biggest trading corporation, is to initiate large scale coal imports to Japan from the US following the acquisition of a 15 per cent stake in Cyprus Orchard Valley Coal, a division of Cyprus Minerals of the US, for about 500m yen. Cyprus coal [illegible] located in Colorado.

The investment is part of an effort to diversify Japan's coal supplies, about 70 per cent of which now come from Australia. Japanese companies are also highly conscious of any efforts that could help ease Japan's trade surplus with the US. Japan depends on imports for nearly all its energy needs and last year imported 107.5m tonnes of coal.

Mitsubishi plans to import 400,000 tonnes of coal in the first year of the venture, and has a contract to supply Kyushu Electric Power with 180,000 tonnes annually for three years. The company's imports are expected to rise to 1m tonnes annually within a few years.

Cyprus has been producing up to 500,000 tonnes of coal annually. With the [illegible] investment from Mutsubishi, production is to be lifted to 1.5m tonnes annually within a year or two.

WORLD COMMODITIES PRICES

MARKET REPORT

[illegible] PRICES led [illegible] general [illegible] on [illegible] Exchange yesterday. In response [illegible] widespread talk that the 10-day-old strike [illegible] Chile's Chuquicamata mine, the biggest copper mine in [illegible] world, might soon be [illegible] price fell [illegible] £11.50 [illegible] £1,374 a tonne, taking [illegible] fall on [illegible] week so far [illegible]. Dealers [illegible] analysts quoted [illegible] miners' union [illegible] its wage [illegible] that Codelco, the [illegible] mining and [illegible] corporation that operates [illegible] mine, [illegible] prepared [illegible] announcement might [illegible] made [illegible] night, they said, [illegible] prices moved below support the equivalent [illegible] of about [illegible] a tonne, triggering some stop-loss selling. But they [illegible] pushing the [illegible] significantly lower until [illegible] emerged from Chile. Cash zinc [illegible] at $1,058 [illegible] after a mid-afternoon rally lost [illegible]. Aluminium prices [illegible] little changed [illegible] and bullish implications [illegible] May report [illegible] Primary Aluminium [illegible] out. While the [illegible] expected at 14,000 tonnes, unwrought stocks were up 44,000 tonnes, showing that the primary market was still oversupplied.

Compiled from Reuters

London Markets

SPOT MARKETS		+ or -
[illegible] (per barrel FOB)		+ or -
Dubai	[illegible]	[illegible]
Brent Blend (dated)	[illegible]	[illegible]
Brent Blend (Aug)	$19.35-9.40	+.175
W.T.I. (1 pm [illegible])	$21.35-1.40	+.175
Oil products (NWE prompt delivery per tonne CIF)		+ [illegible]
Premium [illegible]	[illegible]	+1
Gas Oil	[illegible]	+4
Heavy Fuel [illegible]	[illegible]	-1
Naphtha	[illegible]	-1
Petroleum Argus Estimates		
Other		+ or -
[illegible] (per troy oz)♣	$370.65	[illegible]
[illegible] troy [illegible]	447.00	[illegible]
Platinum [illegible]	$382.90	+0.40
[illegible]	$96.00	+0.35
Aluminium (free market)	Unq.	
Copper (US Producer)	106.0c	
Lead (US Producer)	33c	
Nickel (free market)	Unq.	
Tin (Kuala Lumpur [illegible])	15.45r	[illegible]
Tin (New York)	[illegible]	
Zinc (US [illegible])	[illegible]	
[illegible] (live weight)†	108.21p	+0.11*
[illegible] weight)†	117.48p	-15.62
Pigs (live weight)†	66.26p	-3.58*
[illegible] daily sugar (raw)	[illegible]	-1.5
[illegible] (white)	[illegible]	[illegible]
Tate and Lyle export price	£298	
Barley (English feed)	£109.75	
Maize (US No. 3 yellow)	£182	
Wheat (US Dark Northern)	£100	
Rubber (Aug)♥	54.50p	
Rubber (Sep)♥	55.00p	
Rubber (KL RSS No 1 Aug)	230.5m	
Coconut oil (Philippines)§	$502.5x	+22.5
Palm Oil (Malaysian)§	$337.5	+5.0
Copra (Philippines)§	$329y	+19
Soyabeans (US)	£154x	
Cotton "A" Index	81.30c	-0.70
Wooltops (64s Super)	387p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Jul/Sep u-Jul x-Jul/Aug y-Aug/Sep z-Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	[illegible]	246.00	246.00 238.00
Oct	[illegible]	214.00	[illegible] 203.00
Dec	197.00	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	193.40 190.00
[illegible]	[illegible]	197.60	[illegible]
White	[illegible]	Previous	[illegible]
[illegible]	[illegible]	324.3	318.0 314.8
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	270.0	[illegible]	272.7 266.8
[illegible]	[illegible]	[illegible]	[illegible]

Turnover: Raw 1531 (2522) lots of 50 tonnes. White 1715 (1158)
Paris- White (FFr per tonne): Sept 1915, Oct 1899

CRUDE OIL – IPE [illegible]

	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Oct	19.46	19.34	19.48 19.30
Nov	[illegible]40	19.32	19.46 19.31
Dec	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		19.26 [illegible]
IPE Index	19.20	19.11	

[illegible] (16911)

GAS OIL – IPE $/tonne

	[illegible]	[illegible]	[illegible]
Jul	182.00	175.75	182.00 176.50
Aug	180.25	176.75	180.50 177.50
Sep	182.00	178.00	182.00 179.25
Oct	183.50	180.25	183.50 181.00
Nov	184.50	182.25	185.00 182.50
Dec	185.50	183.25	185.50 183.50
Jan	182.25	180.60	182.50 180.50
Feb	177.75	176.00	178.00 177.25

Turnover 13314 (9514) lots of 100 tonnes

WOOL

Holidays are keeping wool trading sluggish throughout the northern [illegible] particularly since wool sales are in recess at least for this month. [illegible] statements indicate tight control over stockpile disposal with sales only taking place at prices above those reached at the end of June. This helps to allay trade uncertainties but fails to remove them entirely. The recovery in demand to refill the pipeline after the floor price was abandoned has been putting pressure on capacity in earlier processing, but no all-round and long-lasting emergence from recession can yet be assumed.

COCOA – London FOX [illegible]

	[illegible]	[illegible]	High/Low
Jul	572	[illegible]	577 571
Sep	597	[illegible]	599 [illegible]
Dec	686	695	639 632
Mar	675	675	676 671
[illegible]	700	699	700 697
Jul	721	721	[illegible]
Sep	741	742	742 736

Turnover: 4277 (3669) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). [illegible] price for Jul 9 748.77 (760.22) 10 [illegible] average for Jul 10 764.87 (767.18)

COFFEE – London FOX [illegible]

	Close	[illegible]	High/Low
Jul	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]

Turnover: 5664 [illegible] lots of 5 tonnes
ICO indicator [illegible] (US cents per pound) for Jul 9 : [illegible] 64.90 (65.23). 15 day average 65.40 [illegible]

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	117.0	117.0 [illegible]
[illegible]	111.9	112.4	115.5 112.0

Turnover 202 (239) lots of 40 tonnes.

SOYAMEAL – London FOX [illegible]

	[illegible]	[illegible]	High/Low
Dec	[illegible]	[illegible]	[illegible]

Turnover 25 (105) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	[illegible]	[illegible]	High/Low
[illegible]	1499	1555	1550 1499
[illegible]	1480	[illegible]	1520 [illegible]
[illegible]	1535	[illegible]	1562 [illegible]
Jan	1530	1575	[illegible]
BFI	[illegible]	[illegible]	

[illegible]

GRAINS – London FOX [illegible]

Wheat	[illegible]	[illegible]	High/Low
[illegible]	[illegible]	[illegible]	115.25 [illegible]
Jan	[illegible]	118.75	[illegible]
Mar	[illegible]	122.15	[illegible]
May	[illegible]		[illegible]
Barley	Close	Previous	High/Low
Sep	[illegible]	[illegible]	[illegible]
Nov	[illegible]	114.60	121.65
May	[illegible]		

Turnover: Wheat 186 (51), Barley 45 (24).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jul	98.0	99.0	98.0
Oct	101.5	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]

Turnover:34 (49) lots of 3,250 kg

[illegible] – [illegible] FOX

	[illegible]	[illegible]	[illegible]	Low	Vol
Index	140.25	[illegible]			
Jul	141.00	[illegible]	[illegible]	[illegible]	105
Sep	142.00	[illegible]	[illegible]	141.50	110
Dec	141.60	[illegible]	141.60		38
Mar	142.50		[illegible]		35
Sep	144.40	144.60	[illegible] 40		20

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM [illegible]	[illegible]	[illegible]
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 18,609 lots	
Cash	1311-3	1312-3	[illegible]	[illegible]		
3 months	1344-5	1344-6	[illegible]	[illegible]	1346-8	[illegible]
Copper, Grade A (£ per tonne)					[illegible] daily turnover 13,906 lots	
Cash	[illegible]	1385-8	[illegible]	[illegible]		
3 months	[illegible]	1399-6.5	[illegible]	[illegible]	[illegible]	[illegible]
Lead (£ per tonne)					Total daily turnover 1,340 lots	
Cash	337.5-8.5	340.5-1.5	338/337.5	337-7.5		
3 months	345.5-6.0	347-7.5	346/345	345-5.5	346-6.5	[illegible]
Nickel ($ per tonne)					[illegible]	
Cash	[illegible]	[illegible]	8900	[illegible]		
3 months	8770-5	8830-5	[illegible]	8790-800	[illegible]	[illegible]
Tin ($ per tonne)					Total daily turnover 1,002 [illegible]	
Cash	5630-40	5640-50		5635-45		
3 months	5720-5	5730-5	5730/5720	5725-30	5726-7	[illegible] lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 8,083 lots	
Cash	1057-9	1074-8	1080/1050	[illegible]		
3 months	1072-3	1092-3	1090/1065	1085-6	1086-7	[illegible]

LME Closing [illegible] rate
SPOT: 1.6215 3 months: 1.6038 6 months: 1.5908 9 months: 1.5803

LONDON BULLION MARKET
([illegible] by N.[illegible])

Gold (fine oz) $ price		£ equivalent
Close	370.40-370.80	
Opening	368.90-369.40	
[illegible] fix	370.20	228.900
Afternoon [illegible]	370.80	228.831
Day's high	371.40-371.60	
Day's low	[illegible]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 [illegible]	5.42	6 [illegible]	[illegible]
2 [illegible]	5.40	12 [illegible]	[illegible]
3 [illegible]	5.38		

Silver fix	[illegible] oz	US cts equiv
Spot	[illegible]	[illegible]
3 months	[illegible]	[illegible]
6 months	291.70	462.05
[illegible]	306.00	476.00

GOLD [illegible]
(Prices [illegible] by [illegible])

	$ price	£ equivalent
Krugerrand	371.00-372.00	229.75-230.25
Maple leaf	379.00-380.00	234.50-235.00
New Sovereign	[illegible]	[illegible]

TRADED OPTIONS

Aluminium [illegible]	[illegible]	[illegible]	Puts	
Strike [illegible]	[illegible]	Dec	[illegible]	[illegible]
1250	98	137	11	[illegible]
1350	38	75	46	[illegible]
1450	[illegible]	[illegible]	119	[illegible]

Copper (Grade A)	Calls		Puts	
2150	[illegible]	[illegible]	[illegible]	[illegible]
2250	52	78	69	122
2350	21	[illegible]	[illegible]	187

Coffee	Sep	Nov	[illegible]	[illegible]
500	66		1	
550	[illegible]	[illegible]	10	[illegible]
600	[illegible]	27	48	[illegible]

Cocoa	[illegible]	Dec	[illegible]	[illegible]
[illegible]	[illegible]		11	
800	[illegible]		[illegible]	
825	10	43	[illegible]	[illegible]

Brent Crude	Aug	[illegible]	[illegible]	Sep
1850	0	141	0	20
1900	30	99	4	[illegible]
1950	[illegible]	66	0	[illegible]

New York

GOLD 100 troy oz.; $/troy oz.

	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	369.4	371.0	[illegible]
[illegible]	371.2	[illegible]	[illegible]	[illegible]
[illegible]	372.9	[illegible]	0	0
Oct	[illegible]	374.1	376.6	[illegible]
Dec	[illegible]	377[illegible]	[illegible]	[illegible]
[illegible]	381.8	381.1	382.3	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	0	0
Aug	[illegible]	391.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	[illegible]	[illegible]	[illegible]	
Jul	[illegible]	383.6	383.1	379.5
Oct	383.5	387.0	389.0	[illegible]
Jan	[illegible]	[illegible]	392.5	387.5
Apr	[illegible]	395.2	0	0
Jul	395.6	[illegible]	[illegible]	[illegible]
Oct	402.1	408.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	[illegible]	[illegible]	
Jul	442.3	443.1	[illegible]	[illegible]
Aug	[illegible]	[illegible]	0	0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	453.2	[illegible]	454.0
Jan	459.3	457.1	0	0
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	469.4	0	0
Jul	474.5	[illegible]	[illegible]	[illegible]
[illegible]	481.0	[illegible]	0	0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

[illegible]	July 9	mnth ago	yr ago
1735.0	[illegible]	1747.7	1839.4

DOW JONES (Base: Dec. 31 1974 = 100)

	July 9	July 8	mnth ago	yr ago
Spot	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	[illegible]	[illegible]	
Jul	[illegible]	100.80	.80	98.80
[illegible]	99.30	100.60	0	0
[illegible]	99.10	[illegible]	[illegible]	98.80
Oct	[illegible]	100.40	99.40	98.10
[illegible]	[illegible]	100.05	0	0
[illegible]	98.10	[illegible]	99.20	98.10
[illegible]	[illegible]	99.25	98.75	98.20
[illegible]	97.20	[illegible]	0	0
[illegible]	[illegible]	98.30	[illegible]	96.60
[illegible]	96.40	[illegible]	0	0

CRUDE OIL [illegible] 42,000 US [illegible]

	Latest	[illegible]	[illegible]	
Aug	[illegible]	[illegible]	21.47	[illegible]
[illegible]	21.34	[illegible]	21.36	21.19
Oct	[illegible]	[illegible]	[illegible]	21.08
[illegible]	20.99	20.84	20.99	20.84
[illegible]	20.84	[illegible]	20.84	20.73
[illegible]	[illegible]	20.48	20.56	20.50

HEATING [illegible] 42,000 US [illegible]

	Latest	[illegible]	High/Low	
Aug	5860	5731	5860	5785
[illegible]	[illegible]	[illegible]	5960	5870
[illegible]	6040	5950	6040	5975
[illegible]	6125	6059	[illegible]	6085
[illegible]	6090	6024	6095	[illegible]
Apr	5615	5549	5630	5575
[illegible]	5440	5364	5450	[illegible]

COCOA [illegible]

	[illegible]	[illegible]	[illegible]	
Jul	880	863	880	[illegible]
[illegible]	920	[illegible]	[illegible]	893
[illegible]	[illegible]	960	973	[illegible]
Mar	[illegible]	1006	1017	[illegible]
[illegible]	[illegible]	1036	1045	[illegible]
Jul	[illegible]	1064	1071	[illegible]
[illegible]	[illegible]	1094	1090	1087
[illegible]	[illegible]	1135	1135	1130
[illegible]	[illegible]	[illegible]	0	0
[illegible]	[illegible]	[illegible]	0	0

COFFEE "C" [illegible]

	Close	Previous	High/Low	
Jul	83.40	83.75	[illegible]	83.10
[illegible]	[illegible]	[illegible]	85.15	84.10
[illegible]	[illegible]	[illegible]	88.35	[illegible]
[illegible]	90.80	91.35	91.55	90.70
[illegible]	[illegible]	93.75	[illegible]	92.85
[illegible]	95.25	95.80	95.75	[illegible]
[illegible]	97.25	[illegible]	98.00	[illegible]
[illegible]	[illegible]	[illegible]	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	[illegible]	[illegible]	High/Low	
[illegible]	9.14	9.49	9.25	9.01
[illegible]	[illegible]	8.83	8.74	8.53
May	8.79	8.85	8.80	[illegible]
Jul	[illegible]	[illegible]	8.83	[illegible]
[illegible]	[illegible]	8.97	8.83	8.90

COTTON 50,000; cents/lbs

	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	70.08	[illegible]	69.50
Dec	[illegible]	70.82	69.32	68.58
Mar	70.39	71.40	70.43	[illegible]
May	71.25	69.02	71.30	[illegible]
Jul	71.95	67.30	72.00	71.50
Oct	69.40	0	69.45	69.35
Dec	67.70	67.49	67.70	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	119.00	120.20	120.00	118.55
Sep	118.40	119.60	119.10	[illegible]
Nov	118.40	119.40	119.00	[illegible]
Jan	118.00	118.50	118.05	117.35
Mar	118.00	118.65	118.00	[illegible]
Jul	118.50	119.25	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	525/4	523/0	526/4	519/4
Aug	522/2	519/4	524/2	515/0
Sep	521/6	518/6	524/0	513/4
Nov	525/6	521/6	528/2	517/0
Jan	536/2	531/4	537/4	527/4
Mar	546/0	541/4	547/6	538/0
May	555/0	551/4	556/4	547/0
Jul	563/0	558/4	563/4	554/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	18.28	18.33	18.40	18.15
Aug	18.27	18.38	18.50	18.19
Sep	18.45	18.54	18.55	18.37
Oct	18.61	18.70	18.81	18.53
Dec	18.93	19.03	19.17	18.84
Jan	19.05	19.15	19.33	19.03
Mar	19.45	19.45	19.67	19.38
May	19.70	19.76	19.95	19.70

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	161.1	160.0	161.4	158.6
Aug	162.4	160.7	162.7	159.7
Sep	162.5	161.1	162.7	160.0
Oct	162.2	160.9	162.6	159.9
Dec	162.8	161.2	163.3	160.0
Jan	164.0	162.3	164.0	161.3
Mar	165.5	1164.2	165.6	163.6
May	166.0	166.9	166.0	165.9

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	226/0	224/4	228/2	223/2
Sep	223/0	220/4	224/2	218/4
Dec	224/4	221/4	225/4	220/0
Mar	232/4	229/6	233/4	228/4
May	238/2	236/0	239/4	234/[illegible]
Jul	243/2	241/0	244/0	239/[illegible]
Sep	239/0	239/4	240/0	239/[illegible]
Dec	239/0	239/2	240/0	23[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	282/4	255/2	282/4	25[illegible]
Sep	269/2	263/4	269/4	26[illegible]
Dec	282/6	278/6	283/0	275/[illegible]
Mar	286/2	282/2	288/4	281/[illegible]
May	287/0	281/4	287/0	280/[illegible]
Jul	282/4	280/0	283/0	280/[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	72.75	73.07	73.25	72.[illegible]
Oct	74.52	75.12	75.17	74.[illegible]
Dec	75.15	75.65	75.70	75.[illegible]
Feb	74.20	74.65	74.70	74.[illegible]
Apr	74.82	75.07	75.15	74.[illegible]
Jun	73.00	73.20	73.00	72.[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	54.75	54.42	54.80	54.15
Aug	49.37	49.07	49.40	48.80
Oct	42.85	43.12	43.05	42.50
Dec	43.27	43.45	43.35	42.85
Feb	43.15	43.50	43.35	42.85
Apr	41.45	41.95	41.90	41.45
Jun	45.80	46.02	46.00	45.60
Jul	45.80	46.05	46.00	45.[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	44.82	45.82	45.30	44.82
Aug	40.75	42.30	41.40	40.35
Feb	46.60	46.65	47.00	45.10
Mar	46.12	46.40	46.20	44.75
May	46.80	46.90	0	45.70
Jul	46.60	47.70	47.50	46.30

هكذا منه بالأصل

LONDON STOCK EXCHANGE

Tokyo gain helps London's advance

GROWING confidence on the chances of an early cut in UK base rates, perhaps tomorrow, sent the UK stock market comfortably above the FT-SE 2,500 benchmark yesterday. The continued recovery by Tokyo stocks overnight soothed underlying concern in London, where the stock market appeared increasingly optimistic ahead of today's policy meeting at the Bundesbank on German interest rates.

If German rates are left unchanged today, UK analysts believe this will open the way for the Bank of England to cut base rates, perhaps by a full point this time since a half point reduction has already been largely discounted in UK financial markets. On Friday, *the retail price index for June* will be announced; however, while expecting the news on inflation [illegible] be positive, City forecasters look for only a modest reduction in the annualised rate at this stage.

The modest fall on Wall Street overnight unsettled the UK market at the opening, but minor losses were soon recovered as interest rate hopes resurfaced and were strengthened by relatively satisfactory reports on trading from Dixons and *Marks & Spencer, two* leaders in high street retailing. The futures markets quickly set the way forward and with the September contract on the Footsie showing a premium, the cash market was [illegible] rising sharply.

The market hesitated for a while around the FT-SE 2,500 [illegible] but broke through convincingly when it anticipated a firm opening [illegible] Wall Street. With the Dow 22 points ahead [illegible] London hours, the UK market closed near the best [illegible] day with a net gain of 20.5 taking it to 2,508.4.

Traders said the session [illegible] [illegible] similar to the pattern which has been established [illegible] [illegible] [illegible] week trading account which closes tomorrow; "very steady, very convincing," said one dealer.

After falling sharply in the *previous account, the market* has recovered by around 3.8 per cent, suffering only [illegible] down days in the past fortnight.

Institutional interest remained somewhat muted yesterday, also maintaining the pattern of recent sessions. Seaq volume jumped sharply to 534.1m shares from [illegible] in the previous session, but this total makes no differentiation between retail and intra-market business. Dealers stressed that direct institutional interest [illegible] in the market remained [illegible] but pointed to the steady flow of large share placings, which are being readily taken up by fund managers.

Yesterday's largest placing was in Bank of Ireland, [illegible] [illegible] 4.9 per cent stake, worth around £26m, [illegible] taken up without strain.

[illegible] *the third quarter* opened, fund managers have been [illegible] [illegible] put [illegible] into UK equities by responding [illegible] the heavy flow of rights issues and equity placings, and have become less willing to compete for stock in the open stock market.

At least one very large programme trade was put through the market late yesterday, involving substantial lines of blue chip [illegible] including British Gas, Midland [illegible] British Telecom.

This activity strengthened [illegible] from equity strategists [illegible] the London market was building up to an attempt to break out of the 2,450 – 2,550 trading range. Another [illegible] in domestic [illegible] rates, say the optimists, together with falling inflation, could set the stage for a challenge [illegible] [illegible] *all-time high* of 2,545.3, [illegible] on April 5 this [illegible]

Account Dealing Dates			
*First Dealings			
	Jul 1	Jul 15	Jul 29
Option Declarations:			
	[illegible] 11	Jul 25	Aug 8
[illegible] Dealings			
	Jul [illegible]	Jul 26	[illegible] 9
Account Day:			
	Jul 22	Aug 5	Aug 19

*New-time dealings may take place from 8.30 am two business days earlier.

Heavy trade in C and W

CABLE and Wireless continued to move [illegible] strongly, climbing 22 to 578p on heavy turnover of 5.6m, still responding to the highly bullish review issued by James Capel, the broker, and suggestions of buy notes from other leading securities houses.

Remarks by Sir Bryan Carsberg, director-general of Oftel, the telecommunications watchdog, were interpreted as being bullish for Mercury – C and W's telecoms subsidiary – and also helped to drive C and W shares higher.

Last week Sir Bryan shifted Oftel's previous stance on BT of being permitted to charge competitors for access to its network. Oftel said it would refer BT to the Monopolies and Mergers Commission if BT rejected its changed proposals. BT shares were barely affected by the news, closing 7½ up at 373p on 6.3m.

Johnson Matthey up

Anticipation [illegible] the news [illegible] US sanctions in South Africa would end yesterday helped Johnson Matthey, the world's biggest platinum marketing group, which has strong links with that country. The shares gained 10 to 3[illegible]p. Mr Peter Deighton of securities house County NatWest said: "The news makes little difference operationally but has a great impact on sentiment." He added that the beginning of a recovery in US car production would also help as Matthey is a large supplier of catalytic converters to the US.

The South African news further helped Charter Consolidated and RTZ. Charter, which owns 38 per cent of Matthey and which yesterday sold its stake of 1.68m shares in Mino[illegible], gained 1 to 460p. RTZ, also helped by [illegible] note from County NatWest, climbed 9 to 578p.

Bk of Ireland deal

Bank of Ireland stole the limelight in the financial area of the market after news that Mr Anthony Ryan, a director, had resigned and sold his 4.9 per cent stake in the bank.

Dealers said Mr Ryan's holding, around 16m shares, was placed with a number of institutions at 162p a share by Cazenove, Bank of Ireland's London broker, and BZW. [illegible] as a long-held policy [illegible] [illegible] commenting on client business [illegible] BZW declined to [illegible]ment.

Bank of Ireland shares fell as the placing was being undertaken, dipping from an opening level of 173p to close 10 down at 164p. Turnover, which included both the buying and selling on the 4.9 per cent block of shares, reached 33m.

The Seaq ticker revealed that substantial blocks had been traded at 158p and 162p, indicating that the intermediaries had taken a profit of 4p a share on the deal.

Mr Ryan said he had taken the opportunity to dispose of his investment in an orderly and profitable manner.

[illegible] was [illegible] two-way [illegible] in [illegible] composite insurance [illegible] where Sun Alliance emerged as the outstanding performer and Royal Insurance [illegible] substantial selling [illegible]

Sun Alliance's [illegible] strength against the [illegible] [illegible] followed [illegible] buy recommendation issued by Smith [illegible] Court, [illegible] well [illegible] good support from other broking [illegible]

In a wide-ranging review of the composites, Mr Steven Bird at Smith New Court pinpointed Sun Alliance's balance sheet strength, which he said helped to underpin expected dividend increases of 10 per cent this year and next and protected its long-term potential. Mr Bird described the company as "a core stock in [illegible] [illegible] portfolio". The [illegible] [illegible] up 5 to 371p.

Smith is less enthusiastic on Guardian Royal Exchange and Royal Insurance, forecasting no dividend increases this year or next. US investment bank Goldman Sachs was also bearish on the composites, and is expecting a further 5 per cent decline in the sector's stock market value. Mr Stephen Dias at Goldman said earnings forecasts are currently far too optimistic and the composites' fundamental [illegible] are "ebbing away". [illegible] regards [illegible] as [illegible] [illegible] vulnerable stock.

Other analysts are expected to be cutting forecasts in coming days, while there is concern about potential environmental pollution liabilities in the US, which may affect Royals and Commercial Union. The latter moved up to 525p early in the session, amid vague takeover stories and suggestions of a stock shortage, but eased to close only a fraction ahead at 519p, while General Accident, upset by talk of expectations of bigger losses, dipped 5 to 537p. Royals settled 8 off at 410p.

GEC rose 3½ to [illegible] with extremely heavy turnover [illegible] 20m [illegible] by some [illegible] mined [illegible] [illegible] buying mid-session and a number [illegible] big individual trades late in the day, when the stock featured prominently in what were thought to have been a number of programme trades.

GEC's [illegible] director lunched with a number of institutions at County NatWest yesterday and is [illegible] [illegible] hold meetings with [illegible] number of institutions in [illegible] [illegible] future.

[illegible] [illegible] pushed Boots up [illegible] [illegible] [illegible]p while Dixons closed 6 up at [illegible] after reporting profits just [illegible] [illegible] market [illegible]tations. A positive annual [illegible] lifted Marks and Spencer [illegible] [illegible] 258p. Turnover reached 4.6m [illegible]

Reuters put in one [illegible] better performances [illegible] FT-SE [illegible] index constituents, continuing [illegible] [illegible] from analysts' comments on improve[illegible] [illegible] [illegible] [illegible] financial [illegible]

[illegible] profit-taking [illegible] [illegible] [illegible] [illegible] in [illegible] [illegible] territory [illegible] [illegible] [illegible] the session. Wall [illegible] strength helped them [illegible] a little [illegible] [illegible] unchanged [illegible] 1260p.

A [illegible] block of BAT Industries [illegible] [illegible] through [illegible] market [illegible] below the market price early in [illegible] [illegible] and the stock remained depressed all day to end 2 off at 748p.

Continuing worries over the fate of WPP's account with American Express took 15 off WPP [illegible] [illegible] [illegible]

Speciality chemicals manufacturer Laporte was 12 weaker [illegible] 545p after securities house BZW, the broker to the com[illegible], put [illegible] [illegible] cautionary [illegible] BZW [illegible] it had the com[illegible] on its buy list but Interox, Laporte's [illegible] joint [illegible] with Solvay, was likely [illegible] suffer over the [illegible] two [illegible] It added that Interox [illegible] one third of Laporte's profits in 1990.

Heavy turnover in Tate &Lyle, believed to have b[illegible] prompted by a programmed trade, knocked the shares by a penny to 374p. The final recorded turnover of 4.6m shares was boosted by a line of 1.2m at 371¾p.

The prospect of Rank Organisation's interims today left the shares 17 better at 660p. Turnover was a brisk 1.7m shares, making it the busiest day's trade for nearly two months.

Widespread speculation that Scottish Television had bid only £1m for its uncontested television franchise application boosted the shares 48 to 393p.

A persistent seller of about 1m Owners Abroad shares took another 3 off the stock price to 79p. It has lost 6 in two sessions, but a trader said last night that the sell order had been satisfied. The company's interims are due later this month and some analysts were suggesting yesterday that the loss could be nearer £18m than the £15m many expect.

Turnover increased in the oil and gas sector. BP edged up 4 more to 343p on 8m shares as more buyers moved in ahead of tomorrow's presentation [illegible] institutions [illegible] analysts, which will focus on the group's exploration [illegible] and [illegible] policy [illegible] concentrating exploration efforts on high-risk "frontier" areas. But specialists continued [illegible] point out BP's shortcomings, namely high gearing and the uncovered 1991 dividend.

[illegible] [illegible] British [illegible] changed hands, with the shares only managing a minor gain [illegible] 248p. [illegible] revived, adding [illegible] [illegible] 233p on good turnover of 425,000 shares, but confirmation of Lasmo's North Sea drilling [illegible] [illegible] [illegible] Pine discovery failed to produce any notable support for the shares, which drifted down 2 to 341p.

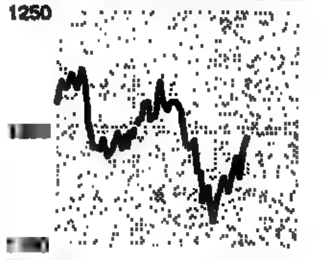
Talk of a rights issue weak[illegible] Siebe 6 to 471p. One analyst said such [illegible] move would be "ill-conceived [illegible] the moment but the share price makes it tempting".

"Scrappy sellers and a total [illegible] of support," [illegible] how [illegible] trader described the business in Aerospace Engineering. The shares lost 6 to 36p.

Lucas Industries dipped [illegible] to 127p [illegible] S.G. Warburg was added to the list of brokers' lowered profits expectations. Warburg now expects profits of £90m for the [illegible] [illegible] against the previous prediction of £120m.

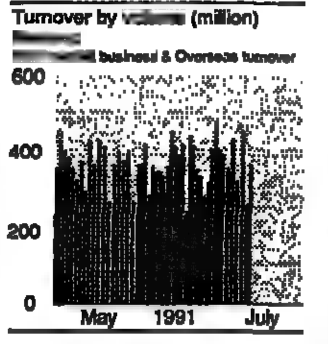
■ Other market statistics, [illegible]ing the FT-Actuaries [illegible] Indices and London Traded Options, Page 19.

FT-A All-Share Index



Equity [illegible] Traded

Turnover by [illegible] (million)



FINANCIAL TIMES STOCK INDICES

	July 10	July 9	July 8	July 5	July 4	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation [illegible]
Government Secs	84.86	84.94	84.66	84.80	84.55	78.67	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	[illegible] (3/1/75)
Fixed Interest	93.55	93.57	93.43	93.35	[illegible]	[illegible]	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1918.1	1905.4	[illegible]	[illegible]	1904.7	1877.7	[illegible] (5/4)	[illegible] (16/1)	2014.6 (5/4/91)	49.4 (26/6/40)
Gold Mines	[illegible]	218.4	219.0	[illegible]	217.1	174.2	222.7 (10/7)	[illegible] (22/2)	734.7 [illegible]	43.5 [illegible]
FT-SE [illegible]	2508.4	[illegible]	2486.8	2484.7	[illegible]	2380.5	2545.3 [illegible]	2054.8 [illegible]	2545.3 [illegible]	986.9 (23/7/84)
FT-SE Eurotrack 200	1154.87	1147.93	1136.80	1145.27	1140.75	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 [illegible]
●Ord. Div. Yield	[illegible]	[illegible]	4.97	[illegible]	[illegible]	[illegible]				
●Earning Yld %(full)	8.62	[illegible]	8.74	[illegible]	[illegible]	[illegible]				
●P/E Ratio(Net)(☆)	14.28	14.18	14.08	14.19	14.15	11.10				
SEAQ Bargns 4.45pm	27,146	28,095	24,582	22,032	21,507	25,339				
Equity Turnover(£m)†	-	809.50	586.18	759.93	712.58	993.3				
Equity Bargains†	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Shares Traded (ml)†	-	365.3	260.6	[illegible]	320.6	[illegible]				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 13.86

Ordinary Share Index, Hourly changes Day's High 1922.3 Day's Low 1902.7

[illegible]	[illegible] am	10 am	11 am	12 pm	[illegible] pm	[illegible] pm	3 pm	4 pm
1902.7	1907.8	1908.8	1909.3	1914.7	1919.1	1918.5	1921.3	1918.8

FT-SE 100, Hourly changes Day's High 2511.6 Day's Low 2485.9

Open	[illegible]	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE Eurotrack 200, Hourly changes Day's High 1155.09 Day's Low 1149.37

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1151.17	1150.35	1150.77	1151.91	1153.30	1153.38	1154.90

GILT EDGED ACTIVITY

Indices*	July 9	July 8
Gilt Edged Bargains	[illegible]	[illegible]
5–Day average	88.8	88.4

*SE Activity [illegible].
†Excluding intra-market [illegible] [illegible] [illegible]

[illegible] report and [illegible] [illegible] index:
Tel. 0898 [illegible]

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	302	410	−3½
ASDA Group	6,300	88	
Abbey National	1,500	281	+3
Albert Fisher	299	114	
Allied-Lyons	2,500	532	+6
Amstrad	147	41½	−½
Anglian Water	[illegible]	398	−4
Argos	[illegible]	295	+2
Argyll Group	[illegible]	282	−1
Arjo Wiggins	[illegible]	271	+2
Ass. Brit. Foods	818	510	
BAA	3,500	423	−1
BAT Inds.	2,300	746	−2
BET	[illegible]	187	+1
BICC	[illegible]	446	+6
[illegible]	1,300	598	−7
[illegible] Inds.	1,700	[illegible]	[illegible]
BTR	1,800	395	+3
Bank of Scotland	4,600	[illegible]	+2
Barclays	3,400	[illegible]	+7
Bass	[illegible]	987	+8
Beazer	[illegible]	70½	−1½
Berisford Int.	28	[illegible]	
Blue Circle	3,400	348	[illegible]
Boots	1,700	390	[illegible]
Bowater	178	[illegible]	−6
[illegible]	1,700	[illegible]	−6
[illegible]	2,000	164	+3
British Gas	7,300	248	+1
British Land	302	380	−1
BP	7,300	343	+4
British Steel	5,900	[illegible]	+½
British Telecom	6,300	[illegible]	+7½
Bunzl	147	[illegible]	+1
Burmah Castrol	501	[illegible]	+6
Burton	2,200	59	+1
Cable & Wire.	5,600	578	+22
Cadburys	1,900	382	+5
Calor Group	601	488	+4
Carlton Comms.	61	443	−2
Coats Viyella	475	147	−1
Comm. Union	2,800	519	+1
Cookson	1,300	185	−2
Courtaulds	1,400	[illegible]	[illegible]
Dalgety	[illegible]	387	
De La Rue	[illegible]	409	[illegible]
Dixons	7,600	229	[illegible]
[illegible]	119	425	+3
[illegible] Elect.	351	183	+4
East Midland Elect.	62	208	[illegible]
Enterprise Oil	850	538	
Eurotunnel Units	131	448	+8
FKI	3,000	67	
Ferranti	248	9	
Fisons	2,000	498	+4
Forte	2,700	241	+2
Gen. Accident	729	537	−5
General Elect.	20,000	190	+3½
Glaxo	2,700	1260	
Glynwed Int.	[illegible]	[illegible]	+1
[illegible]	932	138	+8
Grand Met.	2,000	763	+10
GUS A	518	1234	[illegible]
GRE	1,100	184	−1
GKN	985	325	−3
Guinness	1,000	982	+6
Hammerson 'A'	61	396	−1
[illegible]	6,600	[illegible]	[illegible]
Hanson Warrants	442	[illegible]	+1
Harrisons Crosfield	[illegible]	[illegible]	
Hawker Sidd.	[illegible]	588	−2
Hillsdown	1,600	229	−2
IMI	3,100	285	−2
ICI	[illegible]	[illegible]	+6
Inchcape	[illegible]	[illegible]	
Kingfisher	[illegible]	487	+3
Ladbroke	[illegible]	245	+7½
Land Securities	[illegible]	476	−5
Laporte	[illegible]	545	−12
Legal & General	[illegible]	420	−3
Lloyds Abbey	127	387	+1
Lloyds Bank	[illegible]	395	+6
LASMO	[illegible]	341	−2
London Elect.	[illegible]	205	+2
Lonrho	5,800	280	+5
Lucas	3,600	127	−5
MB Caradon	447	218	−1
MEPC	1,600	469	−4
Manweb	103	248	+5
Marks & Spencer	4,600	[illegible]	[illegible]
Maxwell Comms.	1,300	202	+1
Midland Bank	3,000	187	+6
Midlands Elect.	251	214	+4
NatWest Bank	6,800	305	+6
National Power	3,700	141	+1½
Next	3,000	38	+1½
North West Water	641	280	−4
Northern Elect.	392	217	+6
Northern Foods	402	469	−4
Norweb	[illegible]	214	+1
Pearson	[illegible]	700	+14
P & O	[illegible]	641	+4
Pilkington	5,700	151	[illegible]
[illegible]	4,100	150½	+1
[illegible]	4,800	234	−3
RHM	528	379	
RMC	493	637	+6
RTZ	4,300	578	+10
Racal	3,900	[illegible]	−1
Racal Telecom	627	[illegible]	−3
Rank Org.	1,700	660	+17
Reckitt & Colman	181	1025	+3
Redland	[illegible]	585	+7
Reed Int.	[illegible]	420	+10
Reg. Elect. Pkg Uts	3	£2158	+40
Rentokil	988	341	+11
Reuters	777	788	+30
Rolls Royce	1,600	147	+½
Rothmans	107	975	
Rol Bk Scotland	2,200	182	+2
[illegible]	1,600	410	−6
[illegible]	1,100	17¼	−¼
[illegible]	1,100	359½	+2½
Scottish & New.	870	388	+3
Scot. Hydro-Elect.	1,000	112	−1
Scottish Power	3,800	108	−1
Sears	5,200	77	+2
Sedgwick	904	278	+3
Seeboard	64	211	+4
[illegible] Trent Water	1,208	248	−1
Shell Transport	3,800	522½	+½
Siebe	238	471	−6
Slough Ests	937	248	−1
Smith (W.H.) A	371	[illegible]	+7
Smith & Nephew	2,400	[illegible]	
SmKl Beecham	1,400	[illegible]	+½
SmKl Beecham Uts.	185	[illegible]	
Smiths Inds.	594	348	
Southern Elect.	119	205	+3
South Wales Elect.	71	253	+4
South West Water	483	272	−1
South West. Elect.	13	212	+2
Southern Water	719	230	−4
Standard Chartd.	466	380	−2
Storehouse	[illegible]	107	+3
Sun Alliance	[illegible]	371	[illegible]
T&N	1,200	148	
TI Group	857	[illegible]	−1
TSB	750	139	+1
Tarmac	2,100	[illegible]	+4
Tate & Lyle	4,600	[illegible]	−1
Taylor Woodrow	549	207	
Tesco	2,200	280	[illegible]
[illegible] Water	[illegible]	287	+1
Thorn EMI	744	737	[illegible]
Trafalgar House	1,700	[illegible]	[illegible]
Ultramar	3,700	[illegible]	−2
Unigate	170	280	−1
Unilever	836	782	−3
United Biscuits	[illegible]	368	
Utd. Newspapers	4,300	355	+10
Water Package Uts.	2	£2785	−25
Wellcome	345	795	+6
Welsh Water	[illegible]	395	
Wessex Water	[illegible]	314	−3
Whitbread 'A'	[illegible]	488	+8
Williams Hldgs.	[illegible]	301	+1
Wills Corroon	[illegible]	519	+7
Wimpey	38	179	+1
Yorkshire Elect.	611	238	+3
Yorkshire Water	389	287	−3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

AMERICAN BUYERS moved into the derivative markets yesterday, catching traders short and prompting rallies in the Footsie future and underlying index.

The index had drifted off a *couple of points in the first* half-hour of trading on the back of a weak Wall Street. However, on Liffe, the Footsie future September [illegible] opened very strongly and set the [illegible] for the rest of the day. Traders said US Securities house Merrill Lynch bought heavily. It was felt that Lynch may have believed Germany is unlikely to raise interest rates today and that would enable the UK to cut rates [illegible] Friday when the latest retail price *index figures are due.*

A number of dealers found themselves short. The September contract was squeezed up and traded at a premium to its estimated fair value of 32 points above the underlying market throughout the day. Its positive impact on the [illegible] was one of the factors attributed to [illegible] firm opening on Wall Street.

It closed at 2,558, 50 points above the index, on a heavy turnover of 7,853 contracts.

In LTOM, *turnover of 19,476* contracts was down on the previous day. Equity option trading was dominated by Marks and [illegible] which saw 1,623 lots dealt on the back of the company's positive annual meeting yesterday.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (57).
BRITISH FUNDS (2) Treas. 10pc 2001 B, Treas. 2pc IL 1992, AMERICANS (2) Fluor, Rep. NY, BANKS (1) HSBC, CHEMICALS (2) Rentokil, Schering AG, STORES (3) Courts, Dixons, Forminster, ELECTRICALS (5) Cable & Wireless, Hewlett-Packard, Microfilm Reprographics, Real Time Control, Sony, TDK, ENGINEERING (3) Atlas Copco B, Kvaerner A.S. B, Molins, INDUSTRIALS (9) BH Props., Betterware Consumer., Electrolux, Hepworth, Intereurope, Waterman Partnership, Wellcome, Worthington (AJ), LEISURE (1) Scott. TV, NEWSPAPERS (2) Blenheim, Johnston Press, PAPERS (1) Arjo Wiggins Appleton, TRANSPORT (2) IoM Steam, Tiphook, TRUSTS (9) BWD Secs., Bankers' Inv., Brit. Assets Ln. 2005, EFM Java, Leveraged, Perpetual, Precious Metals, River & Merc. Stppd. Prf., OILS (2) Crusader, Shell Trans. 7pc Prf., MINES (24) Anglo Amer. Gold, Anglo Amer., Anglovaal, CRA, De Beers Linked Units, Doornfontein, Driefontein, Durban Deep, Elandsrand Gold, F.S Cons. Gold, Gencor, Gold Fields S.A, Kloof, Loraine, Minorco, Normandy Poseidon, OFS Invs., RTZ, Randfontein Ests., Rand Mines, St. Helena, Vaal Reefs, Western Deep, Western Mng.
NEW LOWS (54).
BANKS (1) Union Discount, BUILDINGS (6) BPB Inds., Beazer, Crest Nicholson, Freeman, Ibstock Johnsen, Tarmac, STORES (3) Alan Paul, Asprey, Chelsea Man, ELECTRICALS (2) Applied Holographics, Norsk Data A, ENGINEERING (6) Aerospace, Linread, Ransomes, UMECO, Vickers, Wheway, INDUSTRIALS (19) Alexandra Workwear, BSG Intl., Clayhithe, Cosalt, Creston, Dean & Bowes, Hadleigh Inds., Havelock Europa, Hornby, ISA Intl., Jourdan (T), Nestor-BNA, Nu-Swift, Photo-Me, Plastiseal, Tams (J), Tinsley (E), Walker Greenbank, Wyko, INSURANCE (1) Archer (AJ), PAPERS (1) Whinney Mackay-Lewis, PROPERTY (8) Embassy, Greycoat, Helical Bar, Mountleigh 5.25pc Prf., Palmerston, Trevian, TEXTILES (1) Aitch, TRANSPORT (1) Seafield, TRUSTS (3) Close Bros., Drayton Cons., Murray Venture, OILS (4) Brabant Res., Kelt Energy, Midland & Scott. Res., Ultramar.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Stock	Price £	Yield Int.
Treas 10pc Cv '91 ‡‡	99[illegible]	10.01
Exch. 11pc 1991	100[illegible]	11.00
Treas. 8pc 1991	99[illegible]	8.08
Treas 12¾pc 1992‡‡	101[illegible]	12.60
Treas 10pc 1992	99[illegible]	10.02
Treas. 8pc 1992 ‡‡	98[illegible]	8.13
Treas 10½pc Cv 1992‡‡	100[illegible]	10.48
Treas. 3pc 1992	95[illegible]	3.14
Exch. 12¼pc '92	102[illegible]	12.00
Exch 13½pc 1992	103[illegible]	13.04
Treas 8¾pc 1993	97[illegible]	8.49
Treas 10pc 1993‡‡	99[illegible]	10.02
Treas 12½pc 1993‡‡	104[illegible]	12.00
Funding 6pc 1993‡‡	93[illegible]	6.41
Treas 13¾pc 1993‡‡	107[illegible]	12.83
[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Stock	Price £	Yield Int.
Treas 8½pc 1997‡‡	[illegible]	9.37
Exch 15pc 1997	119[illegible]	12.53
Exch. 9¾pc 1998	97[illegible]	10.00
Treas 6¾pc 1995-98‡‡	85[illegible]	7.90
Treas. 15½pc '98‡‡	124[illegible]	12.40
Exch. 12pc 1998	108[illegible]	11.10
Treas 9½pc 1999‡‡	96[illegible]	9.83
Exch. 12¼pc 1999	109[illegible]	11.18
Treas. 10½pc 1999	101[illegible]	10.39
Conversion 10¼pc 1999	99[illegible]	10.29
Conversion 9pc 2000‡‡	93[illegible]	9.62
Treas. 13pc 2000	114[illegible]	11.36
Treas 10pc 2001	98[illegible]	10.15
Do. 10pc 2001 B ●	38[illegible]	10.19
Treas. 14pc '98-01	116½	12.02

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
95¾	92[illegible]	Treas 9¾pc 2002	96[illegible]	−¼	10.09	[illegible]
100[illegible]	94[illegible]	Treas 10pc 2003	98½	−¼	10.15	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

Index-Linked

1991 High	1991 Low	Stock	(b)	Price £	+ or −	(1)	(2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
142½	137½	Do. 2½pc '01	(78.3)	141½		[illegible]	[illegible]
138½	133	Do. 2½pc '03	(78.8)	137½		4.09	4.33
140¼	135	Do. 2pc '06	(69.5)	138½		4.16	4.35
128½	124½	Do. 2½pc '09	(78.8)	127½		4.18	4.37
132½	128	Do. 2½pc '11	(74.6)	130½		4.20	4.37
109¼	105½	Do. 2½pc '13	(89.2)	107½		4.19	4.35
117½	113	Do. 2½pc '16	(81.6)	115½		4.17	4.32
113	109	Do. 2½pc '20	(83.0)	111½		4.14	4.27
95¼	91	Do. 2½pc '24‡‡	(97.7)	92¾		4.08	4.20

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1990: 130.3 and for May 1991: 133.5.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
102	95¾	African Dev Bk 11¼Ln 2009	101¼	+¼	10.98	10.95
[illegible]	91¾	Asian Dev Bk 10¼pc Ln2009	[illegible]	[illegible]	10.64	10.71
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building [illegible]

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public [illegible] [illegible] Ind.

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	[illegible]		5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50		3.50	17.00
50	50	Do. 6pc 28 Stb. Ass.	50		3	16.00
50	50	Do 4pc Mixed Ass.	50		2	14.00
55	55	Hung. '24 Ass.	55		2.75	13.57
128	120	Hydro Quebec 15pc 2011	125	+½	12.89	11.61

Continued on next page

APPOINTMENTS

Restructure at Beazer

■ BEAZER's floating Beazer Europe, which covers its housebuilding, contracting and property activities outside the US and Asia. The new company, C.H. Beazer (Holdings) will be known as CHB Group, and will have the following independent board.

Mr Roger Woolley (*pictured*) will be non-executive chairman. [illegible] was chief executive of DRG until it was taken over by Pembridge Investments, and is now chairman of *Dolphin* Packaging. Mr Terry Upsall and Mr John Bennett, chairman and finance director of Beazer Europe & Overseas, will become chief executive and finance director of CHB Group. The following divisional managing directors, Mr Dennis Webb (Beazer Homes), Mr Colin Busby (Beazer Construction), Mr John Stanion (Beazer Kier), and Mr Don Evans (Beazer Property), will become executive directors of CHB Group, and will continue with their present responsibilities. Mr Michael Orr, chairman of Molins, and Mr Derek Fowler, non-executive chairman of British Rail Pensions Trustee Co, and deputy chairman, Capita Group, will become non-executive directors. Upon flotation Mr Upsall, Mr Bennett, and Mr Fowler will resign their Beazer directorships.

■ BET has appointed Mr Martin J. Braddock as human resources director, and Mr Trevor Dighton as finance director in its security and communications division, SHORROCK, Blackburn.

■ PICT PETROLEUM has appointed Mr Brian Williams as finance director. He joined the company in 1989.

■ Raine Industries subsidiary, HALL & TAWSE GROUP, has appointed Mrs Jean Thomas as sales and marketing director of Hall & Tawse (Eastern).

■ Sir David Plastow has joined the board of F.T. EVERARD & SONS as a non-executive director. He is chairman and chief executive of Vickers.

■ SERVICETEC INTERNATIONAL has promoted Mr Jeremy Day from customer services director to managing director of ServiceTec. He is succeeded by Mr David Ison who was executive manager, technical services. Mr Philip Partington becomes director, marketing and sales, and Mr Michael Fitter joins as financial director. Mr Peter Moys is made group financial planning director, ServiceTec International.

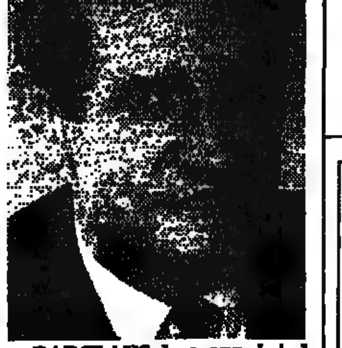
■ Mr Maurice Oberstein [illegible] [illegible] been appointed an [illegible] [illegible] president [illegible] POLYGRAM INTERNATIONAL. He will continue as chairman and chief [illegible] officer of PolyGram UK. Mr David Munns (*right*) becomes [illegible] vice president, [illegible] marketing. He continues for the time being as managing director [illegible] PolyGram UK subsidiary, Polydor.

■ Sir Neil MacFarlane, Conservative MP for Sutton, Cheam and Worcester Park, and former Sports Minister, has been appointed to the board of PETRON-BOSS which produces made-to-measure golf clubs.

■ Mr Robert Barclay, Mr Ian Daish, Mr Philip Heitlinger Mr Tony Hobrow and Mr Malcolm McKenzie have been appointed directors of English & American Investment Managers, a subsidiary of the ENGLISH & AMERICAN GROUP. Mr Mike Roffey has been appointed assistant general manager (aviation) of English & American Underwriting Agency.

■ GEORGE WIMPEY has appointed Mr Michael E.F. O'Reilly as director of human resources, and a *director of* Wimpey Group Services.

Barclays group treasurer



■ BARCLAYS has appointed Mr Patrick Perry (*pictured*) as group treasurer. He [illegible] deputy treasurer and succeeds Mr [illegible] Wood who became finance director last month. Mr Perry, who became deputy treasurer in 1986, was formerly general manager for the bank in South East Asia, based in Singapore.

NOTICE TO HOLDERS OF WARRANTS
TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF

ASAHI GLASS COMPANY, LIMITED
(the "Company")
NLG 200,000,000
1 per cent. Notes due 1993 with Warrants

NOTICE IS HEREBY GIVEN that at meetings held on 17th and 25th June, 1991, the Board of Directors of the Company [illegible] to issue U.S. [illegible] 5½ per cent. Notes due 1998 with Warrants and [illegible] [illegible] per [illegible] Bearer [illegible] [illegible] 1991 [illegible] with Bearer Warrants attached to subscribe for shares of common stock of the Company for the consideration less than the current market price per share.

As a result, the Exercise price will be adjusted effective from 4th July, 1991 (Japan time) as follows:

1) Exercise Price before the adjustment: Yen 2,173
2) Exercise [illegible] after the adjustment: [illegible] 2,152.70
3) Effective date of adjustment: 4th July, 1991 (Japan time)

ASAHI GLASS COMPANY, LIMITED
By: Amsterdam-Rotterdam Bank N.V.
as Principal Paying Agent

[illegible] July, 1991

EAGLE LIMITED
(Incorporated with [illegible] liability [illegible] [illegible] Cayman Islands)
Series "B"
US$ 45,000,000
Secured Floating Rate Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given that the rate [illegible] interest for [illegible] interest period 11th July 1991 [illegible] 13th January [illegible] [illegible] been fixed [illegible] 6.72% p.a. The coupon amount payable [illegible] 13th January 1992 will [illegible] [illegible] 34,720 per [illegible] 1,000,000 Note.

The Yasuda Trust and Banking Co., Ltd.
London **Agent Bank**

PUBLIC NOTICES

MMC INVITES EVIDENCE AND VIEWS ON THE ACQUISITION BY AVENIR HAVAS MEDIA SA OF BRUNTON CURTIS OUTDOOR ADVERTISING LIMITED.

The Monopolies and Mergers [illegible] is inquiring [illegible] the acquisition by [illegible] [illegible] Media SA of [illegible] Curtis [illegible] Advertising Limited, [illegible] determine whether or not such acquisition might operate against the United Kingdom interest.

The Commission would like to hear from those who have information which could help the inquiry, and from those who have [illegible] [illegible] the acquisition. [illegible] write, by [illegible] July, [illegible] [illegible] Reference Secretary (Avenir/Brunton Curtis), Monopolies and Mergers Commission, New Court, 48 Carey Street, London [illegible] 2JT.

PERSONAL

MEDICAL SCREENING COMPREHENSIVE Health Assessments tailored to individual needs. Consultation with Medical Specialist. Exceptional value for small companies. For further information call: Lindsay Steel, The London Medical Centre, 144 Harley Street, London W1N 1AH 071-486 2121

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COMPANY NOTICES

BRADFORD & BINGLEY
BUILDING SOCIETY

£150,000,000
Floating Rate Notes Due 1997

In accordance with the terms and conditions of the Notes, the interest rate for the period 10th July, 1991 to 10th October, 1991 has been fixed at 11.16334% per annum. The interest payable on 10th October, 1991 against Coupon 4 will be £281.38 per £10,000 nominal.

Agent Bank
ROYAL BANK OF CANADA

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on [illegible]

AMERICANS

1991 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
35¼	20⅞	Abbott Laboratories	31[illegible]	-[illegible]	$1.00	-	1.8
385p	257p	Allegheny & W 1c	309p	-6	30c	-	5.7
10⅛	667p	Amdahl 5c	904p	-11	10c	-	0.7
42⅛	25⅜	Amer. Cyanamid $5	41¼	-⅜	$1.50	-	2.1
17⅜	9[illegible]	Amer. Express 60c	13[illegible]	+[illegible]	92c	-	4.0
24½	15¼	American T. & T $1	24[illegible]	-[illegible]	$1.32	-	3.2
38[illegible]	32½	Ameritech $1	37	+[illegible]	$3.40	-	5.4
24	12[illegible]	BankAmerica $1[illegible]	21[illegible]	+[illegible]	$1.20	-	3.3
34⅛	20[illegible]	Bankers N.Y. $1	31[illegible]	+1	$1.52	-	9.2
30½	24¼	Bell Atlantic $1	28[illegible]	-[illegible]	$2.52	-	5.2
31¼	25	BellSouth Corp	29½	-½	$2.76	-	5.5
11¼	6[illegible]	Bethlehem Steel $8	10[illegible]	+[illegible]	40c	-	2.3
1839p	1046p	Bowater Inc	1669p	+31	$1.20	-	4.2
9½	4½	Brunswick 75c	8[illegible]	-[illegible]	44c	-	3.0
54	37[illegible]	CPC Intl. 25c	53[illegible]	-[illegible]	$2.00	-	2.2
852p	420p	California Engy	787p				-
50	28¼	Campbell Soup 15c	47[illegible]	+[illegible]	$1.16	-	1.4
12⅝	5[illegible]	Chase Manhattan $12½	11[illegible]	+[illegible]	$1.20	-	6.4
9⅛	5½	Chrysler $6¼	8[illegible]	+[illegible]	60c	-	4.0
10⅜	5[illegible]	Citicorp $1	8[illegible]	+[illegible]	$1.00	-	6.7
25	21[illegible]	Colgate-Palmolive $1	22[illegible]	-[illegible]	$1.06	-	2.7
845p	438p	Com'l Bank Corp $4	765p	+20	$1.00	-	7.7
21[illegible]	13[illegible]	Dana Corp $1	20[illegible]	+[illegible]	$1.60	-	4.6
1056p	203p	Data General	966p	+12			-
22	12⅞	Dial Corp $1.5	21[illegible]	+[illegible]	$1.40	-	[illegible]
29⅝	20[illegible]	Dun & Bradstreet $1	28¼	+½	$2.16	-	-
40	24[illegible]	Eaton Corpn. 50c	39[illegible]	-[illegible]	$2.20	-	-
8[illegible]	5½	Echlin Inc	8[illegible]		70c	-	5.1
19[illegible]	14[illegible]	FPL Group 1c	18[illegible]	+[illegible]	$2.40	-	7.5
30[illegible]	17[illegible]	Fluor Corp 62½c	30[illegible]	+[illegible]	32c	-	0.6
23¼	13[illegible]	Ford Motor $1	23[illegible]	-½	$1.60	-	2.7

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS - Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES - Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

For Scott. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) - Contd

[illegible]

INDUSTRIALS (Miscel.) - Contd.

[illegible]

INSURANCES

[illegible]

هكذا منه الأصل

LONDON SHARE SERVICE

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LEISURE

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
492	155	Airtours 10p	472		18.25	2.9	2.3	14.8
*108	71½	Allied Leis. 5p	68		F4.75	3.5	7.2	6.2
246	140	Anglia TV	143	+1	9.36	2.4	8.8	6.4
31	14	Avesco 1p	26		1.5	♦	8.0	♦
9	4½	BBCE Hldgs 5p	6		–	–	–	–
178	125	Barr & W.A.T. 'A'	159		9.75	1.6	8.2	10.3
685	425	Boosey & Hawkes	665		16.4	2.7	3.3	13.1
43	24	Border T.V.	41		2.1	1.1	6.8	18.4
88	17	Brent Walker 10p	25		5.0	–	26.7	–
26	4	Do Inc Cv Cm Rd Pf £1	10		6.0	–	–	–
55	43	Buckingham Int'l. 10p	48	-1	2.1	1.6	5.8	11.2
344	183	Campari Int. 20p	320		11.0	2.9	4.5	9.0
288	134	Capital Radio 2½p	178		5.25	2.9	3.9	11.7
507	350	Carlton Comms 5p	443	-2	†14.1	2.4	4.3	12.2
81	61	Do. 6.5p Prf 5p	74	+1	6.5	–	11.7	–
253	[illegible]	Castle Comm. 5p	218	-5	8.5	1.7	5.2	[illegible]
653	480	Central ITV	625	+2	28.5	1.4	6.1	[illegible]
158	120	Chiltern Radio 10p	146		14.8	2.6	4.4	[illegible]
89	39	Chrysalis	76		‡2.0	–	♦	–
69	30	Cityvision 5p	33	+2	1.0	7.0	4.1	4.3
6	3	Classic Th'tres ¥0.20	4½		–	–	–	–
		For Compass Group see HOTELS & CATERERS						
1243	908	Euro Disney Fr10	1175		–	–	–	–
30	9	European Leis. Ir25p	9	-1	2.7	2.2	25.2	1.5
45	22	Ev Leeds 10p	33½		♦	–	–	–
47	20	♦Expedier 20p	22		1.0	2.7	6.5	5.6
563	405	Fairline Boats 10p	475	-3	21.0	4.1	5.9	5.5
276	188	First Leisure	258		†5.05	2.6	2.7	17.1
253	195	♦GWR Group 20p	242		‡6.0	3.2	‡	12.6
75	62	Grampian TVA 10p	62		4.1	♦	8.8	♦
8	6	♦Greenwich Comm. 1p	6		–	–	–	–

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible] to local tax. x Dividend cover in excess of 100 times. y Dividend [illegible] based on merger terms. z Dividend and yield include a [illegible] payment: Cover does not apply to special payment. A Net [illegible] yield. B Preference dividend passed or deferred. C [illegible] E Minimum tender price. F Dividend and yield based [illegible] or other official estimates for 1990-91. G Assumed [illegible] yield after pending scrip and/or rights issue. H [illegible] prospectus or other official estimates [illegible] K Dividend and yield based on prospectus or other [illegible] estimates for 1990. L Estimated annualised dividend, [illegible] P/E based on latest annual earnings. M Dividend and [illegible] on prospectus or other official estimates for 1991-92. [illegible] and yield based on prospectus or other official [illegible] for 1989-90. P Figures based on prospectus or other [illegible] estimates for 1991. Q Gross. R Forecast annualised [illegible] cover and p/e based on prospectus or other official [illegible] Figures assumed. W Pro forma figures. Z Dividend [illegible].

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Craig & Rose £1	640xd	
Finlay Pkg. 5p	27	
Holt (Jos) 25p	1975	
Helton Hldgs.	35	
IRG	128½	
United Drug	170	

IRISH

Stock	Price	+ or -
Cap. 8¼% Ln. 1991	£97⅝	-2¼
9pc Cap Ln. 1996	£97⅝	+¼
Fin. 13% 97/02	£114¼	
Arnotts	165	

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	42
Guardian	29
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property

Stock	p
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Stock	p
Arhia Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines

Stock	p
Lonrho	21
RTZ	48

This service is available to [illegible] whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW Joint Investors	0	1047 4	1047 4	1077 8		4 64

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	0	112 6	112 6	115.8		5 02

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings 071-256 5850

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	130.4	131 1	139 5		4 24
Gilt & Fxd Int	5	144 4	144 4	151 8	+0 2	8 51
Intl Growth	5¼	151.5	152.8	162 6	+2.5	0 42
North American	5¼	98.50	99 03	105 2	+0 9	1 37
Far East	5¼	123 4	124 4	132 3	+2 5	0 35
UK Smaller Cos.	5¼	102 1	102.1	108 6	-0 2	3.33
European	5¼	53 66	53 65	57 21	+0 1	1 11
Japanese Growth	5¼	38.20	38.20	40 92	+1 25	0 00
Managed P'folio	5¼	49 59	49 94	53 13	+0.23	1 76
High Income	5¼	145 4	147 2	156 6	+0 3	6.19
High Yielding Gilt	5¼	61 76	61.76	65 06	+0 04	9 46
Cash		51 18	51 18	51 18	+0 01	10 38

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries. 071-826 0123

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5¼	158 4	158 4	169 2	+1.3	0 91
European Gwth	5¼	194 5	194 5	207 7	+1.1	0 00
Intl Gwth	5¼	148 5	148.5	157 8	+1 7	0 00
UK Equity Inc	5¼	113.3	113.3	121 9	+0.3	6 66
UK Equity Acc	5¼	127 6	127.6	137 3	+0 4	6 66
UK Ind Tracker Inc	5	120 4	120 4	128 5	+0 5	3 87
UK Ind Tracker Acc	5	128 7	128 7	137.3	+0.5	3 87
US Eq Ind Tracker Inc	5	148.0	148.0	158 7	+0 1	2.83
US Eq Ind Tracker Acc	5	152 8	152.8	163 8	+0 1	2.83
Japan Tracker	5	62.91	62.91	66.72	+1.83	0 00
Asian Trader	5¼	89 62	89 62	95 65	+0 5	1.41
Managed Inc	5¼	98 50	98 50	105 9	+0 8	2.00
Managed Acc	5¼	100.4	100.4	108 0	+0.8	2.00
Cash Inc	0	100 07	100 07	100 07	-0 02	12.01
Cash Acc	0	109.17	109 17	109 17	+0 03	12.01
Europa	5¼	103 5	103 5	110 8	+0 4	0 00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	113 27	113 27	120 68		2.60
Exempt Smllr Cos	3½	221 21	221 21	240 03		1 40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: *The most recent report and scheme particulars can be obtained free of charge from fund managers.*

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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■ Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and [illegible] off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Century Life Plc
2 Eyre Street Hill, London EC1R 5AE

City Of Edinburgh Life Assurance

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Far East Emerg Com.	40 5	42.7	+0.1	–
Fund of Inv Tsts	[illegible]	[illegible]	+0 1	–
Money	151 6	159 2		–
Special Situations	[illegible]	[illegible]	+0 4	–
UK Growth	[illegible]	[illegible]	+0 6	–
World Growth	117 1	122 9	+0 7	–
Pension Funds				
Fund of Inv Tsts	131 4	138 0	+0 2	–
Special Situations	121 5	127 6	+0.5	–
UK Growth	[illegible]	216 7	+0.9	–
World Growth	[illegible]	151 5	+0 8	–
UK Life Assurance				
Managed	103 5	108 9	+0 3	–
Property	125 5	132 1	-0.2	–
Equity	[illegible]	138 6	+0 5	–
International	[illegible]	[illegible]	+0.4	–
Fixed Interest	115 8	121 9	+0 1	–
Deposit	134 1	141 1	+0 1	–
Langham "A" Plan	113 9	119 8		–
Langham Prop Bond	[illegible]	[illegible]		–
Langham Wisp Mutual	172 4	181 4		–
Pension Funds				
Managed Capital	77 1	81 2	+0 5	–
Managed Accum	124 6	131 6	+1 0	–
Property Capital	97 7	102 8	-0 1	–
Property Accum	157 3	165 5	+0 1	–
Equity Capital	100 4	105 7	+0.7	–
Equity Accum	162 0	170 6	+1 3	–
Intl Capital	[illegible]	[illegible]	+0 5	–
Intl Accum	102 5	107 9	+1 0	–
Fxd Int Capital	91 [illegible]	96 4	+0 3	–
Fxd Int Accum	147 6	155 4	+0 6	–
Deposit Capital	116 8	123 0	+0 3	–
Deposit Accum	188 5	198 4	+0.7	–
Langham Harvest	282 3	297 1		–

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	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$786.51		—	—
Fixed Income Shares	$809.22			—
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Meta Growth	$10.04		+0.25	—
Yamaichi ISS Fund	$7.46		+0.17	—
Yamaichi CB Plus Fund	$7.97		+0.11	—
Yen Inv Fund	$9.73		—	—
Yamaichi OTC Equity	$9.29		+0.01	—

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CAM Fund Management Ltd (a)						
29 Kildare Street, Dublin						010 353 1760 630
CAM General US Bd Acc		$-	108.24		—	—
CAM General US Bd Inc		$-	105.95		—	—
CAM Universal DM Acc		DM-	120.86		—	—
CAM Universal DM Inc		DM-	118.23		—	—
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	0.97	1.04	—	—

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scan	39.07	9.35	—	—
Eurostar Bond	[illegible]	[illegible]	—	—
Guardian Portfolio				
Equity America	$11.19	11.87	—	—
Equity Europe	$8.61	9.14	—	—
Bond America	$10.46	11.09	—	—
Bond Europe	$8.91	9.46	—	—
Bond Japan	$9.90	10.50	—	—
World Inv Trust	$10.33	10.96	—	—
Opportunity Europe	$10.14	10.76	—	—
Equibond	$9.82	10.42	—	—
Bond Plus	$10.06	10.68	—	—

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
John Govett — Contd.						
Far East Equity	5¼	$10.63	10.63	10.74	-0.01	1.0
US Smaller Cos	5¼	$12.36	12.36	12.48	+0.05	1.0
European Equity	5¼	[illegible]	13.71	13.85	+0.07	2.0
UK High Income	5	£4.70	4.70	4.73	+0.01	10.75
UK Equity	5¼	£4.76	4.76	4.80	+0.02	3.0
Initial charge may alter for sales in other jurisdictions						
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey						0534 76029
Stlg Fixed Int	5¼	£1.161	1.161	1.232	[illegible]	9.71
Offshore High Yield	3¼	£1.426	1.426	1.476	[illegible]	12.44
Global Equity Fund	5¼	$13.92	13.92	14.89	[illegible]	0.76
European Equity	5¼	[illegible]	18.29	19.56	+0.11	1.04
UK Growth (2) Fund	5¼	£4.569	4.625	4.950	[illegible]	3.08
Nth American Eqty	5¼	$9.946	9.946	10.607	[illegible]	0.50
Far Eastern Eqty	5¼	$10.78	10.87	11.63	[illegible]	0.06
International Mngd	5¼	$10.84	10.88	11.64	+0.17	0.53
Intnl. Bond Fund						
Sterling Managed	5¼	£10.31	10.31	10.99	+0.01	9.35
US Dollar Managed	5¼	$12.47	12.47	13.29	-0.02	6.43
International Currency Fund						
Sterling Managed	5¼	£26.60	26.60	28.23	+0.02	—
US Dollar Managed	5¼	$29.54	29.54	31.36	-0.01	—
Sterling	0	£25.27	25.27	25.27	—	10.65
US Dollar	0	$30.16	30.16	30.16	+0.01	4.48
Deutschmark	0	[illegible]	60.52	60.52	+0.01	7.54
Japanese Yen	0	Y4.876	4.876	4.876	+1	5.89
Swiss Franc	0	[illegible]	47.05	47.05	+0.01	6.30
Irish Punts	0	I£22.35	22.35	22.35	—	6.45
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey						0534 73114
Jersey Gilt	5¼	[illegible]	0.1785	0.1797	[illegible]	9.10
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey						0534 27561
Lloyds Tst. Gilt	2¼	£9.271	9.284	9.529	+0.07	11.12
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey						0534 606000
Intl Credit Portfolio	5	[illegible]	1.0429	1.1053	[illegible]	1.59
Gilt	3	[illegible]	0.9117	[illegible]	[illegible]	10.44
MIM see INVESCO MIM						
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey						0534 76077
Govt Secs Fd	4	55.36	55.36	57.82	+0.82	9.64

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Wells Fargo A Shs (z)	$10.44		-0.03	—
Wells Fargo B Shs (z)	$10.71		-0.04	—
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0585		—	—
Xiphias Int ECU	Ecu1.0795		—	—

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ⊕ Guernsey gross. ⊘ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.
(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark waits for meeting

THE DOLLAR finished slightly weaker and the D-Mark had a firmer tone ahead of today's meeting of the German Bundesbank council. Expectations of higher official German rates have tended to fade this week, but there remains some speculation that the central bank will narrow the 2½ point differential bet[redacted] the discount and Lombard borrowing rates.

If this is achieved by an increase in the discount rate it will increase the cost of commercial banks' funding, via their rediscount facility on bills with the Bundesbank. This will eventually filter through the banking system, increasing the cost of consumer borrowing and keeping inflation in check.

Nevertheless if the Lombard rate is not increased today wholesale money market rates will not be affected and there should be little impact on the D-Mark.

On the other hand Mr Lothar Mueller, president of the Bundesbank in Bavaria and a member of the central bank's council, was reported to have said that financial and economic conditions make an increase in official German interest rates necessary.

At the London close the dollar had fallen to DM1.8140 from DM1.8175; to FFr6.1525 from FFr6.1650; to SFr1.5720 from SFr1.5725; and to Y138.50 from Y138.60. On Bank of England figures the dollar's index rose to 68.3 from 68.2.

The D-Mark was little changed against the Japanese yen, rising to Y76.35 from Y76.25 in London. It also held steady around the middle of the European exchange rate mechanism.

Sterling lost a little ground to the dollar and drifted lower against its ERM partners, while remaining the third weakest currency, above the French franc and Danish krone. Small scale selling of the pound reflected speculation that UK bank base rates may be cut tomorrow.

Any change in rates is likely to depend on the result of today's Bundesbank council meeting and on tomorrow's data on UK retail prices, but Tuesday's figures on wholesale inflation were encouraging, boosting hopes of an early cut in rates.

In London sterling fell 10 points to $1.6215. The pound also declined to DM2.9425 from DM2.9500; to FFr9.9750 from FFr10.0025; to SFr2.5500 from SFr2.5525; and to Y224.50 from Y225.00.

The Spanish peseta gained ground at the top of the ERM, but remained well within its ceiling against the lowest placed Danish krone. At the Paris fixing the peseta rose to FFr5.4025 per 100 pesetas from FFr5.3985 against the French franc, the second weakest member of the mechanism.

The Italian lira stayed the second strongest ERM currency, rising against the D-Mark at the Milan fixing, on speculation that the Bundesbank will leave its credit policies unchanged at today's council meeting. There was no intervention from the Bank of Italy as the D-Mark fell to L743.98 from L744.65.

£ IN NEW YORK

July 10	Latest	Previous Close
£ Spot	1.6215-1.6225	1.6224-1.6234
1 month	0.72-0.70pm	0.75-0.73pm
3 months	1.99-1.97pm	1.95-1.92pm
12 months	5.53-5.45pm	5.55-5.45pm

Forward premiums and discounts apply to the US dollar

[redacted] EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 10	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
[redacted] Peseta	133.631	128.927	-3.52	5.05	61
[redacted] Lira	1538.24	1528.06	-0.66	2.03	38
[redacted] Franc	42.4032	42.2921	-0.26	1.62	17
[redacted] Guilder	2.31643	2.31346	-0.13	1.48	11
D-Mark	2.05586	2.05453	-0.07	1.43	11
Irish Punt	0.767417	0.767832	0.05	1.30	2
Sterling	0.696904	0.698012	0.16	1.19	-4
French Franc	6.89509	6.96655	1.04	0.31	-51
Danish Krone	7.84195	7.94816	1.35	0.00	-57

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6120 - 1.6235	1.6210 - 1.6220	0.72-0.70cpm	5.25	1.99-1.95pm	4.85
Canada	1.8500 - 1.8640	1.8620 - 1.8630	0.44-0.36cpm	2.58	1.15-1.03pm	2.34
Netherlands	3.3075 - 3.3175	3.3075 - 3.3175	[illegible]	2.04	[illegible]	1.74

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[redacted]	5⅝ - 5½	6⅛ - 5⅞	6⅛ - 5⅞	6⅛ - 6⅛	6⅛ - 6⅛	6⅞ - 6⅝
[redacted]	8⅛ - 8	8⅝ - 8⅛	8⅝ - 8⅛	8⅝ - 8⅛	8⅝ - 8⅛	8⅝ - 8⅛
[redacted]	9 - 8⅞	9⅛ - 9	9⅛ - 9	9⅛ - 9⅛	9⅛ - 9⅛	9⅛ - 9⅛
[redacted]	7⅛ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞
[redacted]	8 - 7⅞	8 - 7⅞	8⅛ - 8⅛	9⅛ - 9⅛	9⅛ - 9⅛	9⅛ - 9⅛
French Franc	9⅛ - 9⅞	9⅛ - 9⅞	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝	9⅞ - 9⅞
Italian Lira	12 - 10	11⅝ - 10⅛	11⅝ - 11⅛	11⅝ - 11⅛	11⅝ - 11⅛	12⅛ - 11⅞
Belgian Franc	8⅝ - 8⅛	9 - 8⅞	9⅛ - 9	9⅛ - 9⅛	9⅛ - 9⅛	9⅛ - 9⅛
Yen	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞
Danish Krone	9⅛ - 9⅛	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝
Asian $Sing.	5⅝ - 5⅝	5⅞ - 5⅞	5⅞ - 5⅞	6 - 5⅞	6⅛ - 6	6⅛ - 6⅛

Long [redacted] rodollars; two years 7⅛-7⅛ per cent; three years 8⅛-7⅞ per cent; four years 8⅛-8⅛ per cent; five years [redacted] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July.10	£	$	[redacted]	[redacted]	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.621	2.942	224.5	9.975	2.550	3.312	2189	1.862	60.55	1.429
$	0.617	1	1.815	138.5	6.154	1.573	2.043	1350	1.149	37.35	0.882
DM	0.340	0.551	1	76.31	3.391	0.867	1.126	744.1	0.633	20.58	0.486
YEN	4.454	7.220	13.10	1000.	44.43	11.36	14.75	9751	8.294	269.7	6.365
F Fr.	1.003	1.625	2.949	225.1	10.	2.556	3.320	2194	1.867	60.70	1.433
S Fr.	0.392	0.636	1.154	88.04	3.912	1	1.299	858.4	0.730	23.75	0.560
H Fl.	0.302	0.489	0.888	67.78	3.012	0.770	1	660.9	0.562	18.28	0.431
Lira	0.457	0.741	1.344	102.6	4.557	1.165	1.513	1000.	0.851	27.66	0.653
C$	0.537	0.871	1.580	120.6	5.357	1.369	1.779	1176	1	32.52	0.767
B Fr.	1.652	2.677	4.859	370.8	16.47	4.211	5.470	3615	3.075	100.	2.360
ECU	0.700	1.134	2.059	157.1	6.980	1.784	2.318	1532	1.303	42.37	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

OTHER CURRENCIES

Luxembourg	60.50 - 60.60	37.30 - 37.40
Malaysia	4.5085 - 4.5165	2.7870 - 2.7890
Mexico	4876.75 - 4881.40	3015.00 - 3016.00
N.Zealand	2.8755 - 2.8785	1.7765 - 1.7785
Saudi Ar.	6.0245 - 6.1018	3.7500 - 3.7510
Singapore	2.8425 - 2.8495	1.7585 - 1.7605
S.Af (Cm)	4.6800 - 4.6910	2.8950 - 2.8980
S.Af (Fn)	5.0815 - 5.1625	3.1395 - 3.1895
Taiwan	43.75 - 43.85	27.05 - 27.10
U.A.E.	5.8985 - 5.9745	3.6720 - 3.6740

* Selling rate.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
102	-	-	-	0.09	-	-
103	-	-	-	0.18	0.99	-
104	1.30	1.78	-	0.42	-	-
105	0.73	1.26	-	0.82	1.32	-
106	0.35	0.82	-	1.43	1.87	-
107	0.15	0.51	-	-	-	-
Open int	102,168	33,810	3,500	129,249	20,935	10,300

Estimated volume 37,094 Total Open interest 300,182

BASE LENDING RATES

	%		%		%
ABN Bank	11.5	Comm. Bk of London Plc	11.5	McDonnell Douglas Bnk.	11.5
Adam & Company	11.5	Co-operative Bank	11.5	Midland Bank	11.5
Allied Trust Bank	11.5	Coutts & Co	11.5	Mount Banking	11.5
AIB Bank	11.5	Cyprus Popular Bk	11.5	NatWestminster	11.5
● Henry Ansbacher	11.5	Dunbar Bank PLC	11.5	Northern Bank Ltd	11.5
B & C Merchant Bank	11.5	Duncan Lawrie	11.5	Nykredit Mortgage Bank	12
Bank of Baroda	11.5	Equatorial Bank plc	11.5	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11.5	Exeter Bank Limited	12	Roxburghe Bank Ltd.	12.5
Bank of Cyprus	11.5	Financial & Gen. Bank	12	Royal Bk of Scotland	11.5
Bank of Ireland	11.5	First National Bank Plc.	14	● Smith & Williamson Secs.	11.5
Bank of India	11.5	● Robert Fleming & Co.	11.5	Standard Chartered	11.5
Bank of Scotland	11.5	Robert Fraser & Ptns.	12	TSB	11.5
Banque Belge Ltd	11.5	Girobank	11.5	Unibank plc	11.5
Barclays [redacted]	11.5	● Guinness Mahon	11.5	● United Bk of Kuwait	11.5
Beneficia[redacted]	11.5	● Hambros Bank	11.5	Unity Trust Bank Plc	11.5
Brit Bk of Mid East	11.5	Hampshire Trust Plc	13.5	Western Trust	11.5
● Brown Shipley	11.5	Heritable & Gen Inv Bnk.	11.5	Westpac Bank Corp.	11.5
CL Bank Nederland	11.5	● Hill Samuel	11.5	Whiteaway Laidlaw	11.5
Citibank NA	11.5	C. Hoare & Co.	11.5	Yorkshire Bank	11.5
City Merchants Bank	11.5	Hongkong & Shanghai	11.5		
Clydesdale Bank	11.5	● Leopold Joseph & Sons	11.5		
		Lloyds Bank	11.5		
		Meghraj Bank Ltd	11.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

London rates soft

THE DOWNWARD trend in London interest rates continued yesterday, with three-month sterling interbank virtually discounting a cut of ½ point in bank base rates.

In the event that there is no rise in the German Lombard rate at today's Bundesbank council meeting the market is looking for a rate cut tomorrow, providing there are no bad surprises in the UK retail prices index.

UK clearing bank base lending rate 11.5 per cent from May 24, 1991

Three-month money was quoted at 11⅛-11⅛ per cent, compared with 11⅛-11⅛ on Tuesday, and 12-month funds were steady at 10¾-10⅝ per cent.

Short sterling futures remained locked in a narrow range on Liffe, with September delivery already discounting cash rates of around 10½ per cent at delivery. The September contract opened slightly lower at 89.57 and traded between 89.54 and 89.59 before closing at 89.56, against 89.58 on Tuesday.

Day-to-day credit has been in very short supply so far this week. The Bank of England initially forecast a shortage of £1,100m yesterday, but revised this to £1,050m in the afternoon. Total assistance of £919m was provided.

An early round of help was offered and at that time the authorities bought £7m bank bills outright, in band 2 at 11⅛ per cent. Before lunch another £115m bills were purchased, by way of £24m Treasury bills in band 1 at 11⅝ per cent; £58m bank bills in band 1 at 11⅝ per cent; and £33m bank bills in band 2 at 11⅛ per cent.

In the afternoon £167m bills were bought, via £90m bank bills in band 1 at 11⅝ per cent and £77m bank bills in band 2 at 11⅛ per cent. Late assistance of around £630m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £779m, with exchequer transactions absorbing £200m, a rise in the note circulation £95m and bank balances below target £15m.

In Frankfurt call money fell to 8.80 per cent, after declining to 8.85 from 8.90 per cent on Tuesday. This reflects expectations the Bundesbank is more likely to raise its discount than Lombard rate if tightening credit policy at today's council meeting.

At this week's securities repurchase agreement tender the Bundesbank allocated DM28.7bn for 28 days, mostly at 8.80 per cent. This injected a net DM2.8bn into the market, as an earlier facility of DM25.9bn expired.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 10)	[redacted]		
bid 6⅛	offer 6⅛	bid 6⅛	offer 6⅛

The fixing [redacted] are [redacted] arithmetic means rounded to the [redacted] quoted to [redacted] market by [redacted] reference banks at 11.00 a.[redacted] Bank, Bank of Tokyo, Deutsche Bank, Banque National [redacted]

MONEY RATES

July 10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.75-8.85	8.80-8.95	8.90-9.00	9.00-9.15	9.15-9.30	9.00
Paris	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9.25
Zurich	7⅞-7⅞	7⅞-7⅞	-	7⅞-8	-	-
Amsterdam	8.00-8.25	8.94-9.02	-	9.13-9.18	-	-
Tokyo	7⅞-7⅞	7⅞-7⅞	-	7⅞-7⅞	-	-
Milan	10⅛-11	11⅛-11⅛	-	11⅛-11⅛	-	-
Brussels	8.75-8.85	8⅞-9	-	9⅛-9⅛	-	-
Dublin	8⅛-8⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	-

LONDON MONEY RATES

Jul 10	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank [redacted]	17	11⅝	11⅜	11⅛	10⅞	10⅝
Interbank Bid	11⅛	11⅝	11⅜	11	10⅝	10⅝
Sterling CDs	-	-	11⅜	11	10⅝	10⅝
Local Authority Deps.	12⅛	11⅞	11⅜	11⅛	10⅝	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	12	11⅝	11⅝	10⅞	[redacted]	-
Company Deposits	-	-	11⅛	11⅛	[redacted]	10⅞
Finance House Deposits	-	-	11⅛	11	[redacted]	10⅝
Treasury Bills (Buy)	-	-	11⅛	10⅝	[redacted]	-
Bank Bills (Buy)	-	-	11⅛	10⅞	[redacted]	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	6.04	6.15	6.45	6.88
SDR Linked Dep. Offer	-	-	7⅞	7⅞	7⅞	8
SDR Linked Dep. Bid	-	-	7⅞	7⅞	7⅞	7⅞
ECU Linked Dep. Offer	-	-	9⅞	10⅛	10⅛	10⅛
ECU Linked Dep. Bid	-	-	9⅞	9⅞	10	9⅞

Treasury Bills (sell); one-month 10⅞ per cent; three months 10½ per cent; [redacted] 10 per cent; Bank Bills (sell); one-month 11 per cent; three months 10⅝ per ce[redacted] Bills; Average tender rate of discount 10.6714 p.c. ECGD Fixed Rate Sterling Export [redacted] make up day June 28, 1991. Agreed rates for period July 24, 1991 to August 25, 199[redacted] 12.50 p.c., Schemes II & III: 12.53 p.c. Reference rate for period June 1, 1991 [redacted] 1991, Scheme IV&V: 11.295 p.c. Local Authority and Finance Houses seven days [redacted] seven days' fixed. Finance Houses Base Rate 11½ from July 1, 1991: Bank Depo[redacted] at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit [redacted] and over held under one month 8 per cent; one-three months 10½ per cent; three-six [redacted] per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100[redacted] from May 28, 1991. Deposits withdrawn for cash 5 per cent.

POUND - DOLLAR

PUBLIC WORKS LOAN BOARD RATES

Effective 10 July 1991

Years	Quota loans* †	††	maturity §
1			10⅞
Over 1 up to 2	10¾	10[redacted]	10¾
Over 2 up to 3	10¾	10[redacted]	10⅞
Over 3 up to 4	10¾	10[redacted]	10⅞
Over 4 up to 5	10¾	10[redacted]	10⅞
Over 5 up to 6	10⅞	10[redacted]	11
Over 6 up to 7	10⅞	10[redacted]	11⅛
Over 7 up to 8	10⅞	10[redacted]	11⅛
Over 8 up to 9	10⅞	11	11¼
Over 9 up to 10	11	11⅛	11¼
Over 10 up to 15	11⅛	11¼	11⅜
Over 15 up to 25	11⅜	11¼	11⅛
Over 25	11⅛	11⅛	11⅛

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

IG INDEX TELEPHONE: 071-828 7233 AFBD MEMBER
FTSE 100 July 2525/2535 +38 Sept 2550/2560 +38
WALL STREET July 2970/2982 +25 Sept 2979/2991 +25
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HOW WELL DID YOU JUDGE THE MARKET?

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MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,591 Set by VIXEN

ACROSS

1 [redacted] may trouble [redacted] viewer (8)
5 Delay putting food by (6)
9 Rat running amok – think it could [redacted] (8)
10 Small plates of fish (6)
11 [redacted] family [redacted] support's on guard (8)
12 A leading journalist came to the end and spun round (6)
14 Capital footwear for inclement weather! (10)
18 In covering a [redacted]polis, [redacted] a lack of proficiency [redacted]
22 [redacted] a joint, receiving approval [redacted]
23 Get together, but [redacted]ibly defer tea-making (8)
24 [redacted] a mite [redacted] should be put inside (6)
25 A representative's within call where [redacted] temporary (4-4)
26 Royalty go [redacted] travelling [redacted]
27 Building [redacted] in principle (8)

DOWN

1 [redacted] down blockhead [redacted] in [redacted] Make a [redacted] of it (6)
2 Mad Hatter – plainly dangerous (6)
3 The [redacted] will [redacted] to sit again [redacted]
4 Trust that's not to be spoken [redacted] (10)
6 A lot of policemen – about a hundred and ten roughly – crash (8)
7 Off-hand forecasters (8)
8 The occupant tries working without a study (8)
13 There's correspondence still (3,3,4)
15 May be cultivated but not good in committee (8)
16 Sailing vessel in which sherry may well be served (8)
17 The man's expert, yet some individuals see through him (8)
19 Pope upset the French nation (6)
20 The one left in front appears easy-going (6)
21 Just punishment for waste (6)

Solution to Puzzle No.7,590

WARRANT OFFICER / MAJOR BRIGADIER / RETIRAL GENERAL / YANKS SOLDIERLY / DESPAIRED GAPER / NUMBERS ENSIGNS / GARIBALDI PRANG / LANCE SERGEANTS

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	July 9	July 8	July 5	July 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2947.23	2961.99	2932.47	(c)	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.16	94.27	94.45	(c)	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1207.51	1211.74	1195.70	(c)	1240.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	196.62	198.00	197.56	(c)	220.89 (16/4)	196.62 (9/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2980.10 (2966.25) Low 2934.15 (2897.36)

STANDARD AND POOR'S	July 9	July 8	July 5	July 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	376.11	377.94	374.08	(c)	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	448.74	451.20	446.19	(c)	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	29.31	29.18	28.94	(c)	31.58 (18/4)	21.95 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	205.98	206.73	204.92	(c)	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	360.55	359.87	359.41	(c)	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	483.64	479.51	474.05	(c)	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	July 5	June28	June21	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.16	3.07	3.71

	Jul 3	Jun 26	Jun 19	year ago (approx.)
S & P Industrial div. yield	2.01	2.83	2.80	2.96
S & P Ind. P/E ratio	18.77	18.68	18.85	16.95

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
RJR Nabisco	2,392,800	10⅜	+ ⅛
Telefonos	2,108,800	27⅞	+ ⅜
Pepsico	1,672,900	29⅞	+ ⅛
Gen Motors	1,572,800	43¼	----
Wal-Mart	1,387,900	44⅝	- ⅛
USX-Marathon	1,367,800	24	+ ⅛
Adv Micro	1,269,200	11⅛	+ ⅛
Fannie Mae	1,262,100	51	----
IBM	1,259,800	99⅞	- 1⅛
Citicorp	1,240,500	14⅜	----

TRADING ACTIVITY

† Volume (Millions)	July 9	July 8	July 5
New York SE	151.490	138.210	69.790
Amex	10.338	9.751	5.130
NASDAQ	151.481	121.787	56.256
NYSE			
Issues Traded	2,056	2,061	1,941
Rises	799	891	795
Falls	745	633	548
Unchanged	514	537	598
New Highs	60	34	20
New Lows	13	14	11

CANADA

TORONTO	July 9	July 8	July 5	July 4	1991 HIGH	1991 LOW
Metals & Minerals	3178.44	3156.36	3160.20	3177.90	3284.18 (5/3)	2632.06 (9/1)
Composite	3497.39	3488.81	3482.21	3485.48	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1861.59	1852.68	1848.60	1846.88	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Wednesday 10 July 1991

	Stocks Traded	Closing Prices	Change on day
Hitachi	8.8m	1,190	+20
Sharp	6.2m	1,600	+60
Clarion	5.1m	980	+30
Canon	5.0m	1,620	+60
Olympus Optical	4.3m	1,350	+50
Matsushita	4.3m	1,740	+40
Fujitsu	4.2m	1,080	+20
Mitsubishi Heavy	4.1m	732	+22
Kitano Const.	3.2m	2,030	+80
Nippon Carbon	3.2m	670	+40

COURIER & EXPRESS SERVICES

The FT proposes to publish this survey on **July 24 1991.**
In the UK the weekday FT is read by 30% of Board Directors involved in decision making about postal and despatch services. The FT's coverage exceeds that of any other daily newspaper. If you want to reach this important audience, call Philip Dodson on 071 873 3389 or fax 071 873 3062.

Data source: BMRC 1990 (weighted by company size)

FT SURVEYS

3:15 pm prices July 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	0.03	15	113	14⅝	14½	14⅝	+⅛
18¾	14½	A L Labs A	0.16	0.01	17	73	16⅞	15½	15⅞	+⅛
55½	40⅞	AMP Inc	1.44	0.03	20	690	53½	52¾	52¾	-½
68⅝	44¼	AMR				202923	68⅞	68⅛	68¼	+¼
2⅜	1¼	ARX			1	39	1⅝	1½	1½	-⅛
64¾	41½	ASA	3.60	0.06		161991	u66	64⅞	65	+½
54	39¼	Abbott Lab x	1.00	0.02		224276	52¼	51⅞	51⅞	+⅛
14½	6⅞	Abitibi Pr x	0.50	0.04	26	47	13⅝	13⅛	13⅜	+⅜
11⅝	10⅜	ACM Gvt In x	1.26	0.11		566	11⅛	11	11⅛	+⅛
9¾	8¾	ACM GvOpp x	1.01	0.11		48	9⅛	9	9⅛	+⅛
9⅛	8¼	ACM Gvt Sp x	1.01	0.11		180	9	8⅞	8⅞	-⅛
11	9⅞	ACM Gvt Se	1.28	0.12		2199	10⅞	10⅝	10⅞	+⅛
8⅜	7⅝	ACM Man x	1.01	0.12		183	8⅛	8⅛	8¼	
12⅞	11½	ACM Mangd x	1.35	0.11		117	12⅛	12	12⅛	+⅛
7½	4⅞	Acme Cleve	0.40	0.05	14	71	8¼	8⅛	8¼	+¼
6	3½	Acme Elect			38	67	4	3⅞	3⅞	+⅛
40	22¾	Acuson				241039	33¼	31⅞	32½	+⅞
18½	14¼	Adams Expr	0.73	0.04	0	40	18	17⅞	18	
20⅞	18	Adobe 12Pf	2.40	0.13		94	18⅞	18¾	18¾	-⅛
9¾	6¾	Adobe Res			20	32	7	6⅞	7	+⅛
38⅞	18	Ad Micro				16	36½	35	35½	+½
14¾	4⅝	Ad Micro P	3.00	0.24		146789	12⅝	12⅛	12⅝	+⅜
5⅛	2¼	Advest Grp	0.16	0.04	6	67	4⅛	4⅛	4⅛	-⅛
49⅛	33⅞	Aetna Ll	2.76	0.06	8	772	42⅝	41⅞	42⅛	+½
10⅝	6⅝	Afil A	0.24	0.03	35	696	9	8⅞	8⅞	-⅛
20¾	12	Ahmanson	0.88	0.05	10	587	18¼	17⅝	18	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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A global topic:

The presence of VIAG in national and international markets – through the trading company Klöckner & Co AG a company of the VIAG/ Bayernwerk Group since 1990.

VIAG
AKTIENGESELLSCHAFT
Georg-von-Boeselager-Str. 25
D-5300 Bonn 1

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
35⅝	14⅞	Rohr Inds			15	207	23⅞	23⅛	23⅛	−⅛
12⅞	8⅞	RollinsEnv	0.09	0.01	18	777	9⅛	8⅞	9	+¼
25	18⅝	RollinsInc	0.88	0.02	18	68	22⅛	22⅛	22⅛	+¼
13½	7¾	RollinsTrL	0.20	0.02	13	228	u13½	13⅛	13⅛	−⅛
11⅝	8	Rowan Cos				1361914	8⅝	8⅛	8⅛	
25	22¼	RoyBkScot	2.81	0.11		42	24⅝	24⅛	24½	+⅛
84¾	73½	RylDutch	4.23	0.05		103278	78⅛	77⅛	77⅞	+1⅛
11	7½	Royce Val				80	10	9⅞	10	+⅛
54	37	Rubbermaid	0.60	0.01	27	752	50⅛	49⅛	50⅛	+⅝
17½	13⅛	RussBerrie	0.60	0.04	11	93	13½	d13	13⅛	−⅛
7⅝	4	Russ-Togs			1	46	5	4⅞	4⅞	
28⅝	19¾	Russell Cp	0.32	0.01	17	808	24⅞	24⅛	24½	+½
21⅝	14	Ryder Syst	0.60	0.03	23	1339	20½	19⅞	19⅞	−⅛
35¼	13¾	Rymer Grp x	0.60	0.03	30	370	20⅛	20	20	−⅛

- S -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
35½	20⅞	3 Avis Rt x	2.08	0.09	16	108	24⅛	23½	23⅝	−⅛
15¼	11½	SCOR US Cp	0.24	0.02	8	12	12⅞	12⅛	12⅞	+⅛
37	20¾	SPS Techno	1.26	0.05	15	83	27¾	27½	27½	
2⅛	⅞	SeatchiAS			0	480	1	d⅞	⅞	
43	11	Sabine Rlt x	1.63	0.13	7	63	12⅛	12	12⅛	
9⅞	5⅞	Safecard	0.15	0.02	8	185	8⅞	8½	8½	−⅛
13⅝	8⅝	Saleg'd Sc			3	708	12⅝	11⅞	12	−½
37	25	SafetyKln	0.32	0.01	30	536	32¼	31⅛	31⅛	+⅛
21⅝	11⅞	Safeway				161517	19	18⅝	18⅞	+⅛
4⅝	2⅝	SafewayW96				38	4⅛	4⅛	4⅛	
[illegible]										

- T -

1991 High	1991 Low	Stock	Div.	Yld.	P/E
9⅞	4⅛	Systems Cn			3
9¼	4½	TCBY Enter	0.40	0.05	16
16⅝	7	TCF Financ	0.40	0.03	5
8⅞	6⅞	TCW Conv S	0.84	0.10	
46⅛	29⅞	TDK Corp A	0.31	0.01	34
9⅛	8⅝	T I S Mtge	1.28	0.14	8
19⅞	9⅝	TJX Cos	0.48	0.02	17
21	16½	TNP Enterp	1.63	0.09	11
43¾	34½	TRW Inc	1.80	0.04	14
1½	⅞	TacomaBoat			0
24⅝	18⅛	Taiwan Fd			
8⅛	4½	Talleyind	0.20	0.04	0
11⅜	7	Talley Pf			
59½	38⅝	Tambrands	1.20	0.02	21
18⅝	9¼	Tandem			
36½	25	Tandy Corp	0.60	0.02	
12	10⅞	Taurus Mun x	0.83	0.07	
35⅛	31½	Teco Energ	1.72	0.05	14
28	16⅞	Tektronix x	0.60	0.02	25
1⅝	⅞	Telecom Co			9
24⅞	14⅞	Teledyne	0.80	0.04	
30⅛	25⅛	TeleEspSA	1.72	0.07	
47½	28½	Templeinl	0.88	0.02	12
18½	11½	TempEmMk	0.16	0.01	
9⅞	8⅞	TempltGlob	0.90	0.10	
8⅞	7⅞	TempltGlFd	0.84	0.10	
[illegible]					

- U - V - W - [illegible]

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
60⅛	35⅞	Xerox	3.00	0.05		92350	55⅞	55	55⅛	+⅛
51	43¾	Xerox4.125				2	49⅞	49½	49⅞	+⅛
21⅛	14⅛	Xtra 1.94				71	20⅞	20½	20½	−⅛
24⅞	14⅛	Xtra Corp	0.72	0.03	32	84	24⅛	24⅛	24⅛	−⅛
24⅛	21⅞	Yankee Egy	1.60	0.07	12	42	22⅛	22½	22½	+⅛
1½	⅞	Zapata			0	118	⅞	⅞	⅞	+⅛
9⅞	6⅛	ZenithElec			2	192	6⅞	6⅝	6⅝	−⅛
18½	12	Zenith Nat	1.00	0.06	74	224	17⅞	17	17⅞	+⅞
8⅛	4⅛	Zentx Inc	0.89	0.16		79	6⅛	6	6	−⅛
15⅛	10⅞	Zero Corp	0.40	0.03	16	77	14	13⅞	13⅞	
41⅞	29½	Zurn Ind	0.88	0.02	14	258	35⅛	35½	35½	
13½	10⅞	Zweig Fund x	1.12	0.09		197	12⅝	12½	12⅝	+⅛
10	8½	Zweig Totl x	0.96	0.10		391	u10	9⅞	10	+⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices July 10

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pall Corp	0.44	27	867	36½	35⅛	35⅛	−⅛
Pegasus G		8	677	u14⅛	13⅞	14	+⅛
Perini		7	32	11⅛	11	11⅛	−⅛
Pet HI&P	0.31	19	2	10⅞	10⅛	10½	
Phil LD	0.17	7	347	18	17⅛	17⅞	−⅛
Pitney A	1.10	10	119	24⅛	23⅞	24⅛	+½
Ply Gem	0.12	96	58	6⅞	6½	6⅛	+⅛
[illegible]							

NASDAQ NATIONAL MARKET

3:00 pm prices July 10

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

INDIA

The FT proposes to publish this survey on **5 September 1991** and it will be distributed to 160 countries worldwide. If you want to reach this important audience, call Louise Hunter on 071 873 3238 or fax 071 873 3079.

FT SURVEYS

ZIMBABWE

The FT proposes to publish this survey on 27 August 1991 and it will be distributed to 160 countries worldwide. If you want to reach this important audience, call Louise Hunter on 071 873 3238 or fax 071 873 3079.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

AMERICA

New York takes cue from Japan as Dow rebounds

Wall Street

SHARE PRICES rebounded yesterday morning from late losses on Tuesday, amid heavy buying on the back of renewed strength in Tokyo, *writes Patrick Harverson in New York*.

At 1 pm the Dow Jones Industrial Average was up 27.73 at 2,974.96. The more broadly based Standard & Poor's 500 was also firmer, up 3.55 at 379.66 at 1 pm, while the Nasdaq composite of over-the-counter stocks rose 4.85 to 488.49. Turnover on the New York SE was heavy at 109m shares by 1 pm. Rises outnumbered declines by more than two to one.

Although the market took its cue from another rise in Japanese equities, the outlook for US stocks remains uncertain. The pattern of the past month, when the Dow has not advanced more than two days in succession, and of the past five months, when the Dow has not moved more than 3.2 per cent either side of 2,950, shows no signs of abating.

On a day of widespread gains, Pepsico stood out, falling $⅜ to $29⅜ in active trading after Salomon Brothers cut its 1991 earnings estimate because of weak sales at the snack food unit, Frito-Lay. The Salomon analyst recommended that investors switch out of Pepsico into Anheuser-Busch, the country's largest brewer which has its own snack food division. Anheuser-Busch shares added $⅞ to $49⅞.

CBS rose $2¾ to $162¼ after the entertainment group, as expected, announced a fall in second quarter net income to $3.31 a share, down from $5.36 a share a year earlier.

Nike fared well in the face of lower fiscal fourth quarter profits, rising $2⅛ to $43⅛ after the company announced net income of 79 cents a share, down from 89 cents a share a year earlier. The stock was helped by Nike's warning to analysts that their profits estimates for the company's first quarter results were too low.

The technology sector on the over-the-counter market was the centre of attention again, this time because of merger news. Ashton-Tate jumped $4⅛ to $16⅛ on turnover of 7.7m shares after Borland International, another computer software group, offered Ashton-Tate shareholders $17.50 a share for their stock, payable in Borland shares. Borland fell $1⅛ to $48 on turnover of 1.2m.

Elsewhere in the sector stocks remained strong. Intel rose again, adding $1⅛ to $47, while Sun Microsystems gained $1⅛ to $30⅞, Apple firmed $1⅞ to $48⅞, and Microsoft, troubled by early weakness, recovered to $68¾, up $¾.

California Biotechnology slumped $¾ to $11⅛ in active trading after an analyst at Shearson Lehman, the securities house, cut his rating on the company from "outperform" to "neutral", citing delays over the introduction of a drug used in the treatment of acute kidney failure.

Canada

TORONTO stocks mirrored the firmer trend in global equity markets as they moved higher in active midday trading. Expectations of interest rate cuts contributed to the rise.

The composite index was up 18.10 at 3,515.50 on volume of 11.9m shares. Advances led declines by 245 to 164, with 231 unchanged. Inco rose C$1 to C$43, on volume of 246,365 shares. The rise followed the continued strength of nickel prices on the London Metal Exchange. Echo Bay Mines was the most heavily traded stock, with 571,576 shares changing hands. It was off C$¼ at C$11. American Barrick was up C$⅛ at C$27¼ on talk of better-than-expected second quarter earnings.

Canadian Pacific was up C$⅛ at C$20 and Telus Corp gained C$⅛ to C$7⅝.

ASIA PACIFIC

Nikkei jumps further 2.2% as foreigners buy blue chips

Tokyo

SHARE PRICES jumped yesterday as a sharp rally in the futures markets triggered buying by foreigners and investment trusts, *writes Emiko Terazono in Tokyo*.

The Nikkei average rose 512.34 or 2.2 per cent to 23,121.30, moving above 23,000 for the first time since July 4. The index recorded a day's low of 22,519.74 and a high of 23,179.23. Gains overwhelmed losses by 931 to 79, with 90 issues unchanged.

The Topix index of all first section stocks advanced 45.07 to 1,798.05, but in London the ISE/Nikkei 50 index shed 4.43 to 1,396.17.

Volume fell to 270m shares from 450m, as the Big Four brokerages started their four-day punishment period. Nomura, Daiwa, Nikko and Yamaichi are suspended from corporate transactions until July 15 following the recent scandals. But traders noted that leading clients of the Big Four shifted business to affiliate brokerages. The total market share of the leading four brokerages fell to an estimated 13.4 per cent from the usual average 30 per cent.

International blue chips were in demand from foreign investors. Foreigners were net buyers of 52m shares in the first seven business days of July. Analysts said that, in spite of the scandals involving Japanese brokerages, underlying fundamentals seemed to be improving. For example, the unsecured overnight call rate has dropped below 7.5 per cent since the start of the week.

But many Japanese fund managers remain cautious about commiting new funds to the stock market, and are reluctant to invest in equities until overnight call rates fall below 7 per cent. "By then the foreigners will have bought shares and many short-term traders will have taken profits," said a foreign brokerage salesman.

Rumours that a leading US brokerage had adjusted its options positions in anticipation of a rise in the Nikkei spurred buying activity. Participants expected a sharp rise in the index ahead of the July options expiry today.

Electrical and precision machinery makers moved higher on foreign interest, with Hitachi the most active issue of the day, rising Y20 to Y1,190, and Sharp up Y60 at Y1,630.

Aiwa, the electronics company affiliated to Sony, ended Y90 up at Y1,740 after hitting a high for the year. It recorded a double-digit rise in video cassette sales, thanks to growing exports to south-east Asia.

In Osaka, the OSE average gained 533.11 to 25,494.68 on volume of 17m shares, down from 22m. Bargain hunting lifted the index for the first time in six trading days.

Roundup

TOKYO'S recovery failed to have a lasting effect on Pacific Rim markets yesterday.

HONG KONG lost its early gains on profit-taking. The Hang Seng index rose about 37 points before ending 2.96 off at 3,901.23, less than 50 points below its all-time high. Turnover rose to HK$2.07bn from HK$1.85bn.

Hongkong Land, which has lagged behind other property companies recently, gained 25 cents to HK$8.75 in the most active trading of the day. The company has land near the site of the new airport.

BANGKOK lost 2 per cent to a five-month low, pulled down by weak bank, finance and property issues. The SET index fell 14.08 to 700.19 in moderate turnover of 2.77bn baht. Krisda Mahanakorn, the property group, dropped 28 baht to 306 baht in turnover of 591m baht, before going ex-rights today.

MANILA fell to its lowest level since February 22 in spite of bargain hunting and short-covering in the final hour. The composite index breached the support level of 1,000 to finish at 990.31, down 10.77, in volume of 125m pesos, down from 205m. Ayala Land, listed last Friday at 26 pesos, lost 0.50 to 23.25 pesos.

NEW ZEALAND was lifted by Fletcher Challenge's recovery after a big drop on Tuesday. Falling local interest rates and a weaker domestic dollar kept foreign buying orders flowing in.

The NZSE-40 index, which is replacing the Barclays index, gained 11.82 to 1,469.91, while the Barclays rose 11.91 to 1,470. Turnover eased to NZ$14.3m from NZ$15.3m.

Fletcher Challenge recovered 7 cents to NZ$3.83 after falling 9 cents on Tuesday.

AUSTRALIA focused on the A$140m placement by Macquarie Equities of 5m warrants over shares in Broken Hill Proprietary. The two-year issue lifted BHP to an adjusted record high of A$13.20 before closing at A$13.05, up 10 cents. The All Ordinaries index put on 4.0 to 1,542.8 amid volume of A$190m, up from A$172m.

TAIWAN rebounded after recent weakness on hopes of an interest rate cut. The weighted index rallied 152.92 or 2.9 per cent to 5,456.8. Volume rose to T$21.5bn from T$20.4bn.

SINGAPORE was mixed after profit-taking ate into early gains. The Straits Times Industrial index rose 12.25 to 1,476.17. Volume fell to S$90m from S$93m. KUALA LUMPUR was firmer ahead of the country's new five-year development plan. The composite index gained 4.89 to 608.11.

BOMBAY heard the Indian prime minister, Mr Narasimha Rao, promise far-reaching economic reforms in an address to the nation and the BSE index rose 19.74 to 1,388.80 after an intraday high of 1,404.69.

Norwegian banking crisis takes its toll

The depressed bank sector is a heavy burden for the stock market, says **Karen Fossli**

IN 1989 and 1990, Norwegian equities outperformed most of Europe. This year, the Oslo Stock Exchange has been unable to prop itself up, under the burden of a severely depressed banking sector.

The bourse's banking index has plunged by 63 per cent since last June, and by 37 per cent so far this year. Over the same periods the all-share index has fallen 17 per cent and gained 11¼ per cent respectively, the latter comparing with a rise of more than 15 per cent in the FT-Actuaries Europe index.

Industrials, including oils, and a resurgent shipping sector have more than offset the slide in banks, which have fallen so far that, by the end of May, they accounted for just 3.12 per cent of the total equity capitalisation of the Oslo bourse.

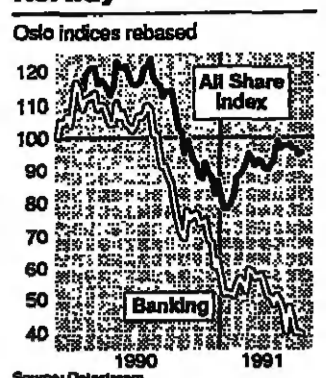
High loan losses for four years running, deteriorating asset quality and near-paralysis in conforming to new capital adequacy rules have taken their toll of investor confidence and, consequently, of the banks' share prices.

This year has seen more decay and disruption. Interim reports for the first four months of this year from Den norske Bank (DnB), Christiania and Fokus Bank, Norway's top three banks, were far below analysts' predictions and the banks' own forecasts for the year as a whole are bleak; share prices in the sector have reached all-time lows in the past month or so.

There have been variations. DnB, Norway's biggest bank and regarded as the most solid of the three, has not fallen as far as the others. Its restricted shares set a 1990 high of NKr196.21 and a low of NKr91. Its free shares, only listed since last summer following the April merger between DnB's constituents, Den norske Creditbank and Bergen Bank, saw a high and low of NKr154 and NKr127.50 in the rump of last year, and of NKr148 and NKr80 respectively in 1991.

Norway

Oslo indices rebased



Source: Datastream

Christiania Bank, the second largest, reflects the seriousness of the situation. Between its 1990 high of NKr184 and its 1991 low of NKr34.50, it sustained a loss of more than 80 per cent; it has recovered little, closing at NKr38 last night.

Fokus Bank is small by comparison, but its story is even more telling. Last year's free-share high was NKr173.54, but the bank was forced to write down its share capital by 50 per cent to qualify for a NKr1.5bn banking guarantee. Fokus shares sank to a low of NKr7.50 before the recent recovery to a nominal NKr14 bid last night. Doubts are being cast on its survival as an independent bank.

To meet a new 8 per cent capital adequacy rule the three banks need NKr9.5bn. Of this, NKr3bn is to be provided by the banks' guarantee fund; both DnB and Christiania are planning share issues later this year; and Uni Storebrand, Statoil and Norsk Hydro, major clients of the banks and the Norwegian banking system, have agreed to provide a NKr900m conditional guarantee to be split between them.

DnB is to expand its capital by NKr2.2bn through a rights issue to existing shareholders and by making a private placement with Scandinavian Banking Partners. Christiania has yet to finalise its plans, but it is due to make an announcement this autumn.

This may be weighing on the banks' share prices. Details of the rights issues are expected with the industry's half-year results in August. However, Ms Charlotte Wennerholm, a London analyst with Carnegie International, thinks that fundamentals such as earnings and growth prospects are the real problem.

She does not believe that the situation could get much worse. But in her view, even with capital injections from the guarantee funds, support from the private sector and government incentives for investing in bank shares built into upcoming tax reform, an early improvement is unlikely.

EUROPE

Interest rate hopes give most bourses a lift

HOPES that the Bundesbank would not raise interest rates today, combined with a firm opening on Wall Street, gave most bourses a boost yesterday, writes Our Markets Staff.

PARIS gained 1.3 per cent, as investors hoped that interest rates would fall in the UK and remain static in Germany. A firm bond market and Wall Street's strong opening also lifted the bourse.

The CAC 40 index closed 22.93 up at 1,757.38, the day's *high, in moderate trading* worth about FFr2bn after FFr2.1bn on Tuesday. Alcatel Alsthom accounted for about one tenth of the total turnover, as it gained FFr15 to FFr573.

Oil stocks were firm, with Total rising FFr28 or 3.6 per cent to FFr814, after the previous day's news of an *oil find* in Colombia; and Elf Aquitaine gaining FFr11.40 or 3.3 per cent to FFr356.40, after its Technip unit won a FFr750m contract from DSM of the Netherlands.

Cap Gemini Sogeti, the computer services company, fell FFr9.70 or 2.9 per cent to FFr323.50 on profit-taking.

FRANKFURT firmed again. Opinions in the bond market were reported to be split on whether the Bundesbank would raise interest rates today, but equities in the banking sector were indicating no change.

Commerzbank and Dresdner led banks higher after a period of nervousness and relative weakness, with gains of DM5.30 to DM245.30, and DM7 to DM350 respectively. The DAX index closed 7.11 higher at 1,634.74 after a rise of 2.86 to 684.82 in the FAZ at midsession. Volume stayed thin, rising from DM4bn to DM5bn.

The Bundesbank yesterday took in DM28.7bn at the tender for 28-day securities repurchase funds, allocating most funds at 8.80 per cent, a rate effectively the same as in last week's repo operation. Ms Barbara Schumacher of Merck Finck in Düsseldorf said that this was taken as a sign that the central bank was relaxing a little after Tuesday's agree*ment on subsidy cuts in the* federal budget.

Among industrials, falls were more outstanding than the gains. Metallgesellschaft went ex rights with a calculated value of DM21 a share, so its closing quote of DM520.50 was actually a gain of DM2 on *the day; however, there was no* such excuse for Continental, the tyre group, which fell DM5 to DM192.50 after saying again that earnings would decline this year.

Asko, the controversial retailer, rose DM13 to DM868 after announcing sales figures *for the first five months*. After hours, the company said it had no need to raise new capital in spite of three acquisitions and expansion in east Germany.

ZURICH saw good foreign *interest on gains in Tokyo*, Frankfurt and finally on Wall Street, as well as on the firm dollar. The Crédit Suisse index added 4.7 to 540.4.

Banks rose on interest rate hopes, SBC bearers ending SFr9 higher at SFr336 with the support of several recommen*dations. Roche certificates fea*tured in chemicals with a gain of SFr80 to SFr4,880.

Adia, the employment agency, continued its return to favour, with a rise of SFr50, or 5.6 per cent, to SFr935. The company is expected to gain from the firm dollar and an *upturn in the US economy*.

STOCKHOLM closed at a year's high in moderate trading. The gain followed the pattern set by other European markets and Tokyo.

The Affärsvärlden General index rose 7.6 to 1,139.8, up 2.0 from the previous high of 1,137.8 on June 19. Asea B shares advanced SKr15 to SKr385 as interest revived after the company's split on Monday.

OSLO was helped by an increase in North Sea oil prices. The all-share index closed at 508.90, a gain of 4.74, in volume of NKr222m.

Among the day's winners, Norsk Hydro rose NKr3.5 to NKr198.5, while Saga A shares firmed NKr1.5 to NKr100.

AMSTERDAM was lifted by London and Wall Street, and hopes that German interest rates would not be raised *today, but trading was thin.* The CBS Tendency index gained 0.3 to 93.1.

Océ-van der Grinten continued to rise on the back of its better-than-expected first-half results. The stock added Fl 1.20 to Fl 53.20.

MILAN drifted lower in quiet *trading ahead of the end of the* account next week. The Comit index fell 4.13 to 589.82 in volume estimated at near Tuesday's L79bn. *Fiat fell L44 to* L6,159 and slid to L6,150 after hours.

In telecoms, Stet eased L14 to L2,009 and Sip fell L20 to L1,096, in spite of a generally favourable reaction to the pricing of Stet's placement of saving shares at L17,900 per unit.

MADRID fell on worries about the June inflation figure, due tomorrow. The general index eased 1.25 to 267.54, as turnover picked up from Pta9bn to about Pta14bn.

HELSINKI rose marginally in light trading, after the release of a pessimistic economic survey by the Confederation of Finnish Industries. The Hex index improved 2.0 to 972.9. Free shares accounted for FM2.7m of the total turn*over of FM10.6m.*

BRUSSELS moved slightly higher in light trading. The Bel20 index rose 0.78 to 1,147.37. Gechem, which announced an agreement to supply car cushions to General Motors Belgium, added BFr8 to BFr766.

● *TEL AVIV rose 2.6 per cent* to a record high of 393.39 on optimism about the economy.

FT-SE Eurotrack 100 - Jul 10

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1105.72	1105.09	1105.24	1106.01	1106.92	1107.02	1109.50	1109.33

Day's High 1109.56 Day's Low 1104.47

Jul 9	Jul 8	Jul 5	Jul 4	Jul 3
1102.41	1090.75	1098.71	1099.95	1095.64

Base value 1000 (26/10/90)

SOUTH AFRICA

THE PROSPECT of the US lifting some economic sanctions against South Africa spurred Johannesburg to new highs in euphoric trading. The industrial index broke through 4,000 for the first time, to close at 4,036, up 87, and the all-share index also hit a record of 3,507, up 76, in spite of a further rise in the financial rand. The all-gold index rose 19 to 1,445.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JULY 9 1991								MONDAY JULY 8 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (70)	142.53	+0.6	130.24	124.87	134.68	123.86	+0.7	5.19	141.64	128.99	124.23	133.40	122.94	147.30	112.74	152.33
Austria (20)	175.82	+0.2	160.66	154.05	166.14	165.88	+0.3	1.67	175.53	159.85	153.96	165.32	165.32	222.37	167.00	265.13
Belgium (49)	124.38	−0.5	113.65	108.96	117.53	114.72	−0.2	5.14	124.95	113.79	109.58	117.67	114.93	151.20	121.73	152.07
Canada (115)	138.47	+0.0	126.53	121.31	130.83	115.05	+0.2	3.38	138.47	126.11	121.44	130.40	114.81	142.27	126.49	137.73
Denmark (37)	243.01	+0.3	222.06	212.91	229.63	232.19	+0.5	1.52	242.30	220.66	212.52	228.20	230.93	270.56	217.74	261.56
Finland (16)	93.38	−0.1	85.32	81.81	88.23	85.27	+0.4	2.83	93.51	85.16	82.02	88.07	84.90	125.15	90.00	135.73
France (114)	123.07	+0.6	112.46	107.82	116.28	119.02	+1.0	3.72	122.29	111.37	107.25	115.17	117.88	152.26	120.60	157.11
Germany (65)	103.84	+0.3	94.88	90.99	98.12	98.12	+0.7	2.28	103.49	94.25	90.78	97.46	97.46	125.35	102.03	137.44
Hong Kong (55)	163.19	+0.7	149.11	142.97	154.20	162.53	+0.7	4.77	162.03	147.56	142.11	152.60	161.46	163.19	119.62	141.96
Ireland (18)	142.02	+0.2	129.77	124.43	134.19	135.62	+0.5	3.77	141.76	129.10	124.34	133.51	135.01	182.46	132.86	189.65
Italy (77)	72.20	+0.0	65.97	63.25	68.22	72.98	+0.3	3.21	72.21	65.76	63.33	68.00	72.72	88.23	70.54	103.93
Japan (474)	123.73	+1.7	113.06	108.40	116.92	108.40	+1.5	0.78	121.71	110.84	106.74	114.64	106.74	146.97	118.35	149.88
Malaysia (68)	226.70	+0.2	207.15	198.61	214.21	243.25	+0.2	2.89	226.21	206.01	198.39	213.04	242.72	247.78	192.83	236.29
Mexico (16)	1041.91	−0.3	952.06	912.83	984.52	3435.16	−0.3	1.56	1044.67	951.36	916.24	983.87	3444.27	1079.72	634.45	502.14
Netherland (31)	130.95	+0.8	119.66	114.73	123.74	122.29	+1.2	4.38	129.86	118.26	113.90	122.31	120.85	145.73	125.70	140.91
New Zealand (13)	47.64	−1.7	43.53	41.74	45.02	44.58	−1.4	7.87	48.44	44.12	42.49	45.63	45.24	54.64	41.18	67.96
Norway (32)	188.72	+0.8	172.45	165.34	178.33	181.48	+0.9	1.62	187.28	170.55	164.26	176.38	179.78	223.24	182.24	242.17
Singapore (38)	189.62	+1.1	173.27	166.13	179.18	153.58	+0.8	2.23	187.63	170.87	164.57	176.71	152.31	208.25	151.63	203.89
South Africa (61)	243.09	+0.9	222.12	212.97	229.69	173.37	+0.2	3.16	240.94	219.42	211.31	226.91	172.97	243.09	173.00	175.17
Spain (55)	141.11	−0.1	128.94	123.63	133.34	121.92	+0.0	4.40	141.20	128.59	123.84	132.98	121.94	171.12	131.51	177.54
Sweden (26)	186.65	+0.7	170.56	163.53	176.37	181.54	+0.9	2.49	185.30	168.75	162.52	174.52	179.88	204.12	146.60	231.67
Switzerland (58)	87.83	+0.1	80.25	76.95	83.00	85.62	+0.7	2.25	87.78	79.94	76.99	82.68	85.03	100.67	82.17	108.67
United Kingdom (240)	160.85	+0.4	146.98	140.91	151.98	146.98	+0.7	4.99	160.20	145.89	140.49	150.86	145.89	187.44	156.27	170.83
USA (526)	152.29	−0.4	139.16	133.43	143.91	152.28	−0.4	3.17	152.87	139.22	134.08	143.98	152.87	156.24	125.95	144.21
Europe (838)	129.25	+0.4	118.11	113.24	122.14	120.54	+0.7	3.98	128.79	117.29	112.96	121.30	119.71	151.52	125.50	152.68
Nordic (111)	180.21	+0.5	164.67	157.89	170.28	166.97	+0.7	1.97	179.29	163.27	157.25	168.85	165.74	200.81	155.55	214.42
Pacific Basin (718)	125.41	+1.5	114.59	109.87	118.50	110.35	+1.5	1.18	123.50	112.47	108.32	116.31	108.77	145.92	117.86	149.55
Euro−Pacific (1556)	127.25	+1.1	116.28	111.48	120.23	115.15	+1.1	2.28	125.91	114.66	110.42	118.57	113.85	147.66	121.29	151.21
North America (641)	151.35	−0.4	138.30	132.62	143.04	149.79	−0.3	3.19	151.90	138.33	133.24	143.08	150.31	157.04	125.91	143.72
Europe Ex. UK (598)	110.20	+0.3	100.70	96.57	104.15	106.17	+0.6	3.20	109.85	100.04	96.36	103.48	104.49	129.80	106.85	140.25
Pacific Ex. Japan (244)	142.18	+0.6	129.92	124.59	134.36	128.00	+0.6	4.55	141.38	128.76	124.02	133.17	127.28	145.86	111.40	144.80
World Ex. US (1748)	129.38	+1.0	118.23	113.36	122.26	116.61	+1.1	2.34	128.08	116.64	112.35	120.63	115.36	148.16	122.32	151.20
World Ex. UK (2034)	133.76	+0.5	122.23	117.20	126.40	125.84	+0.5	2.39	133.10	121.21	116.75	125.37	125.21	145.77	120.06	145.33
World Ex. So. Af. (2213)	135.43	+0.5	123.75	118.66	127.98	127.45	+0.5	2.65	134.78	122.74	118.22	126.95	126.78	148.66	122.92	147.42
World Ex. Japan (1800)	144.01	+0.0	131.60	126.18	136.10	138.54	+0.1	3.51	144.08	131.21	126.37	135.71	138.44	152.83	126.69	147.88
The World Index (2274)	136.14	+0.5	124.40	119.28	128.65	127.85	+0.5	2.65	135.48	123.38	118.83	127.61	127.18	149.01	123.28	147.59

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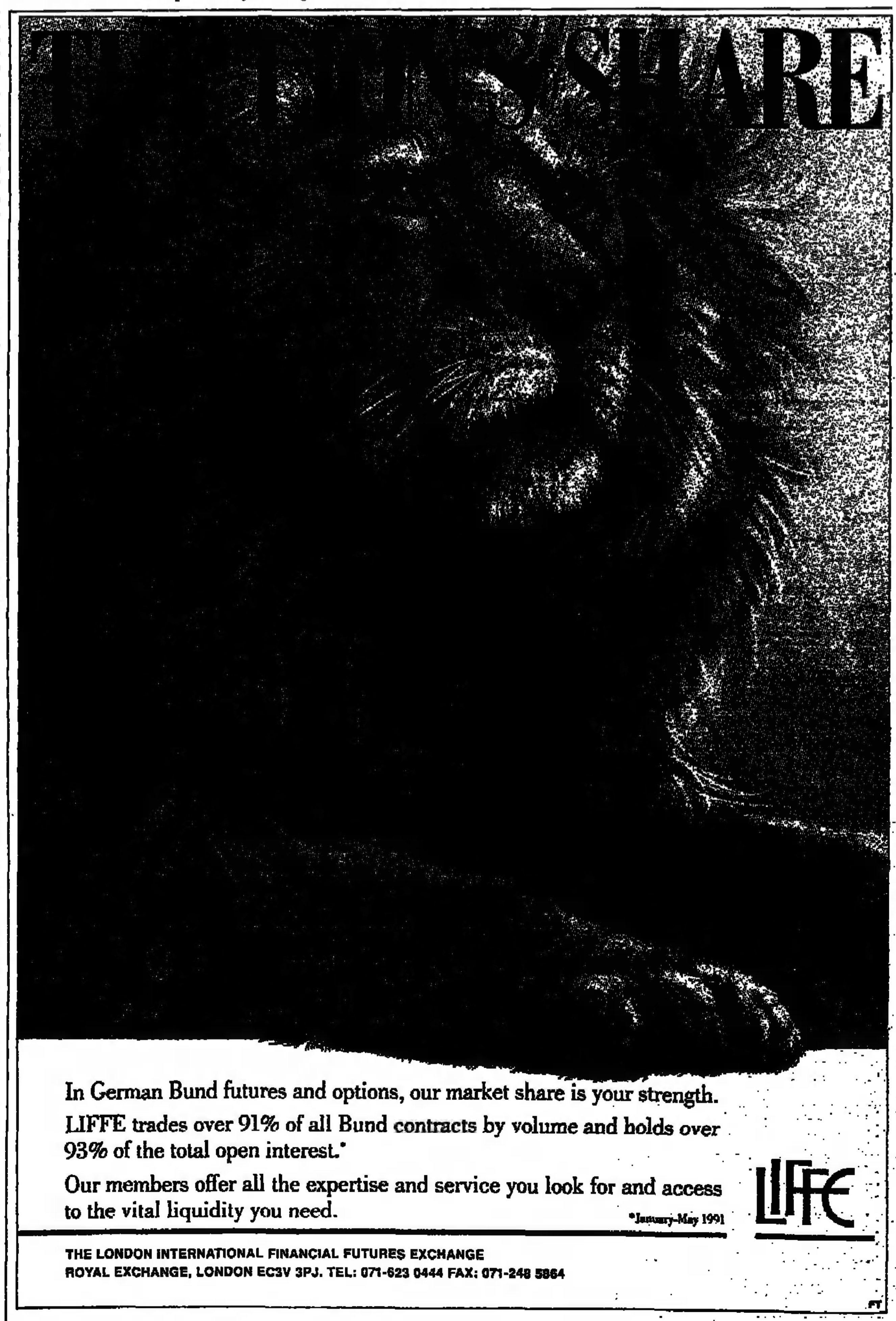
Constituent change: Name change: Syarikat Telekom Malaysia to Telekom Malaysia Bhd. (Malaysia). Latest prices were unavailable for this edition.



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